



THE COUNCIL
CITY OF INDIANAPOLIS AND MARION COUNTY

200 EAST WASHINGTON STREET • INDIANAPOLIS, INDIANA 46204 • PHONE: (317) 327-4242

July 16, 2013

The Honorable Maggie A. Lewis
President
City-County Council of Indianapolis and Marion County
241 City-County Building
200 E. Washington Street
Indianapolis, Indiana 46204

Dear President Lewis,

In accordance with City-County Council Proposal 121, 2013, we are pleased to present to you the enclosed Report of the Marion County Local Homestead Credit Review Commission (Homestead Commission). The report summarizes the discussion and findings of the Homestead Commission. Additional details such as meeting minutes and other supplemental data can be found on the Commission web page.

The Local Homestead Credit Review Commission is a bi-partisan study group that was enacted by City-County Council Proposal 121, and appointed jointly by the Council and the Mayor, to review the Local Homestead Credit and the potential impact of its elimination. The Commission, which consists of ten members, and two co-chairs, no more than one from the same political party, had the following objectives:

- Educate the community about the homestead credit;
- Review the implications and effects of the local homestead credit on the budgets of all property tax supported units;
- Receive public input on these decisions;
- Make a recommendation to the Council based on findings.

The Commission held seven public meetings in various locations throughout the community to ensure all members of the public had the opportunity to attend and participate in public discussion about the Local Homestead Credit.

We would personally like to thank all members of the Commission as they have devoted their time and knowledge throughout the entire process. This would not have been possible without their diligence and dedication to the Commission. We would also like to acknowledge members of the public and representatives of various county, civil and school taxing units for their participation in the process and contribution to the community dialogue.

Thank you for the opportunity to serve as co-chairs of this initiative. It has been our pleasure to lead the process and we hope that the results will be useful to the decision making process in the upcoming budget and beyond.

Sincerely,

Beth Henkel
Co-Chair

James Steele
Co-Chair

MARION COUNTY LOCAL HOMESTEAD CREDIT COMMISSION

Report of Proceedings and Recommendations

July 16, 2013

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Background and Introduction

The Local Homestead Credit Review Commission is a ten-member, bi-partisan study group appointed through joint agreement between the Indianapolis-Marion County City-County Council and the Mayor. The Commission was enacted by Council Resolution Proposal No. 121, 2013 (Council Resolution No. 48, 2013). The objectives of the commission are as follows:

- Educate the community about the local homestead credit (LHC);
- Review the effects of possible elimination on the budgets of all property tax supported units;
- Receive public input on the issues and impacts regarding possible elimination;
- Make recommendations to the City County Council regarding whether to maintain, eliminate, or phase out the LHC;

To meet its responsibilities, the Commission

- Held seven public meetings in various locations around the county;
- Established a [website](#) that contains information, analyses and presentations regarding the LHC. It also provides taxpayers a means to find out what the potential effect would be on their bills if the LHC were eliminated.

Members of the Commission:

- Jim Steele, Co-Chair
- Beth Henkel, Co-Chair
- Bob Lutz, City-County Councillor, District 13
- Frank Mascari, City-County Councillor, District 20
- Joe O'Connor, Marion County Assessor
- Vop Osili, City-County Councillor, District 15
- Chris Pryor, Metropolitan Indianapolis Board of Realtors (MIBOR)
- Jack Sandlin, City-County Councillor, District 24
- Dan Sellers, CFO, Health and Hospital Corporation
- Jeff Spalding, City Controller's Designee

City-County Fiscal Condition/Effects of Eliminating the Local Homestead Credit

One of the considerations in reviewing the effects of eliminating the LHC is the potential effect on the City-County budget. Regarding the City-County financial condition and the fiscal challenges the city and county face, the Commission found that:

- Income tax revenue to the City/County has declined by a cumulative \$164 million since 2010, from a high of \$268 million to \$209 million in 2013.
- Property tax revenue has remained flat, or slightly declined since 2008.
- Average net property tax revenue per year from 2008 to 2014 (est.) is \$240 million.
- Therefore, as to the major sources of revenue for City/County government -- have seen a decline in general fund revenues of \$64 million from 2010, with cumulative decline over that period of \$180 million.
- At the same time, general fund expenses have not declined substantially, despite several measures taken to cut spending.
- By far the majority of expenses are in public safety and criminal justice expenditures, a total of \$507 million in 2012 (88% of budget); \$530 million in the 2013 budget (89%).
- As a result of these ongoing declines in revenue, general fund balances have declined.
 - For 2013, the Controller's office reported a structural deficit of \$62.3 million, with general fund balance estimated to be \$26.2 million by the end of 2013.
 - For 2014, if no actions are taken, the projected deficit is \$55.5 million, with a yearend GF balance in the red, at -\$29.3 million.
- Elimination of the LHC would not solve the city/county's deficit.
 - For 2014, an estimated \$12.8 million of County Option Income Tax ("COIT") receipts would be set aside for LHC.
 - Essentially take \$12.8 million of funds that would otherwise be distributed to the City, County, excluded cities and towns and certain township units and put that money in the property tax bucket to offset property taxes otherwise due from homestead owners -- thereby distributing COIT funds to schools and other units, like IndyGo, the library, and Health and Hospital, that generally do not receive COIT.
 - Only \$3.8 million of the \$12.8 million LHC actually provides property tax relief to homeowners.
 - Elimination of the LHC would provide the City/County with a net increase of \$8.3 million in potential ongoing revenue.
 - Elimination of the LHC would also increase effective property tax rates and increase the circuit breaker loss to taxing units that do not receive COIT -- towns, schools, and municipal corporations by \$5.3 million.

In our review of the effect that elimination would have on taxpayers in the county, we found that:

- Of 220,000 homesteads in the county, elimination of the LHC would have no effect on 56,000 homesteads—approximately one-quarter of all homesteads.
- If the LHC were eliminated, the property tax increase for 81% of Marion County homeowners would be less than \$30.
- For any one homestead, the maximum increase would not be more than 3.6%.
- The overall impact would be greatest on homeowners in areas of the county that have low tax rates, or that have lower assessed values.

Proceedings Regarding the Elimination of the Local Homestead Credit

After these meetings and gathering additional information, the Commission met on June 24 to vote on its recommendations regarding elimination of the LHC and also on making other recommendations that the Commission had regarding ways to address the City/County deficit.

Nine members of the commission attended this meeting, with one member sending a proxy.

The members expressed concern for taxpayers whose bills would increase, even minimally, in these difficult times.

The majority of members also expressed concern on behalf of the taxing units that would lose revenue as a result of the elimination of the HSC.

Five members voted in favor of phasing out funding over a two-year period. Four members voted in favor of retaining current funding.

The proxy member voted for a phase out, but that vote has not been counted, as General Counsel has advised that the rules pertaining to the participation of proxies do not permit the proxy to vote. Because the Commission rules require a vote of six members to approve recommendations, the vote was inconclusive regarding a recommendation to rescind the Local Homestead Credit.

While there was no conclusive Commission recommendation, there will be council consideration of eliminating the Local Homestead Credit.

On July 8, Proposal 187, 2013 was submitted to the City-County Council, proposing a resolution of the Marion County Income Tax Council, under IC 6-3.5-6-1.5 and IC 6-3.5-6-13, to reduce the local homestead credit to 4% for calendar year 2014 and to rescind the local homestead credit beginning in calendar year 2015. Proposal 187 has been assigned to the Administration and Finance Committee. Final action is scheduled to be taken by July 29, before the Controller submits the proposed 2014 budget to the City-County Council in August.

Other Recommendations

As a result of Commission deliberation and public inquiry, the Commission also considered other recommendations that could assist with the financial issues raised in consideration of the LHC. In all, there were seven additional recommendations:

1. All members voted in favor of continuing City/County efficiency efforts to reduce spending.
2. All members also favored appropriating existing funds from taxes collected for the Auditor's Office to complete the homestead exemption review process and recommended a change in State law to permit the excess funds collected to be returned to local units of government. Through the Ineligible Homestead Program, the County Auditor has collected more than \$2 million from taxpayers who improperly received the homestead designation.
3. Eight of nine members recommended that additional funding be provided to the Assessor's Office to resolve the pending backlogs of appeals in a fair and equitable manner.
4. Eight of nine members voted in favor of implementing a TIF Assessed Value pass-through policy to insure continuity in the reduction of the circuit breaker loss to local units of government.
5. Seven members voted in favor of further review of whether the County Income Tax Council (CITC) should phase in and increase the Public Safety COIT rate to provide additional funding for Public Safety staffing and operational needs. Two voted against any increase.
6. Six members voted in favor of further review by the CITC of increasing the Local Option Income Tax (LOIT) levy freeze rate to provide proper funding for local units of government that had their levies frozen for three years; two voted in favor of recommending increasing the rate and one disagreed with any increase.
7. Five members favored providing COIT funding to Library and Indy-Go to cover any net funding loss due to HSC change and/or LOIT levy freeze rate change; three additional members voted for further review of this issue; one disagreed with any additional funding to offset the revenue losses.

MARION COUNTY LOCAL HOMESTEAD CREDIT COMMISSION

APPENDIX 1 - SUPPORTING DOCUMENTS

CITY-COUNTY COUNCIL RESOLUTION NO. 48, 2013
Proposal No. 121, 2013

A PROPOSAL FOR A COUNCIL RESOLUTION establishing a bipartisan study commission to review and analyze the effects of the local homestead credit on Marion County homeowners and on the budgets of all property tax supported units in Marion County, to hold public hearings and receive public input, and to report to the Council findings and recommendations relating to the implications of the local homestead credit on future budget planning.

WHEREAS, on January 7, 2013, Mayor Ballard and Council leadership announced that they had reached an agreement on the framework of a long-term budget plan for the city and county; and

WHEREAS, the terms of that agreement include the creation of a bipartisan study commission to review and analyze the effects of the local homestead credit; now, therefore:

BE IT RESOLVED BY THE CITY-COUNTY COUNCIL OF THE
CITY OF INDIANAPOLIS AND OF MARION COUNTY, INDIANA:

SECTION 1. Purpose: A bipartisan study commission shall be established under the authority of the Council to review and analyze the effects of the local homestead credit on Marion County homeowners and on the budgets of all property tax supported units in Marion County, to educate the community by holding public hearings and receiving public input, and to report to the Council findings and recommendations relating to the implications of the local homestead credit on future budget planning.

SECTION 2. Name: The commission shall be named the Local Homestead Credit Review Commission.

SECTION 3. Members: The Commission shall be composed of ten (10) members, as follows: two (2) co-chairs, no more than one (1) from the same political party, who must have expertise in municipal finance and local property tax, appointed jointly by the Council President and the Mayor; two (2) Councillors appointed by the Council President; two (2) Councillors appointed by the Council Minority Leader; a representative of the Metropolitan Indianapolis Board of Realtors (MIBOR), appointed by the Mayor; a representative of the schools, municipal corporations, and other civil units that receive property taxes, appointed by the Council President; a County Commissioner, appointed by the Council President; and the City Controller or the Controller's designee.

SECTION 4. Quorum, Proxies and Vacancies: After its initial meeting, the Commission shall meet upon the call of its co-chairs or a majority of its members. Six (6) members of the Commission shall constitute a quorum. Commission members may designate a proxy to participate in the Commission meetings; however, any reports of the Commission shall only be approved by the vote of six (6) members. Any vacancy on the Commission shall be filled in the same manner in which the original appointment was made. The Commission shall meet and begin its operations as soon as practical.

SECTION 5. Staffing: The Commission will receive staff support from the Council Chief Financial Officer and Clerk and the Office of Finance and Management.

SECTION 6. Powers and Duties of the Commission: The Commission shall review and analyze the effects of the local homestead credit on Marion County homeowners and on the budgets of all property tax supported units in Marion County, including but not limited to the following:

1. Present an analysis of local revenue, including retrospective and projected illustrations of trends, highlighting the effects of economic conditions and state enacted property tax caps, and a conclusion about whether there is a need to reduce or eliminate the Local Homestead Credit.
2. What the local homestead credit is (and is not).
3. History of the local homestead credit and why a property tax credit is funded by local income tax revenue.
4. How the local homestead credit is applied to taxpayers' bills.
5. Effect of property tax caps on the application of the local homestead credit.
6. How the local homestead credit affects the budgets of civil taxing units other than the City and County.
7. Which neighborhoods and types of homes benefit from the local homestead credit despite property tax caps.

- COUNCIL RESOLUTION RECORD 2013



2013 Fiscal Review

Consolidated City of Indianapolis/Marion County

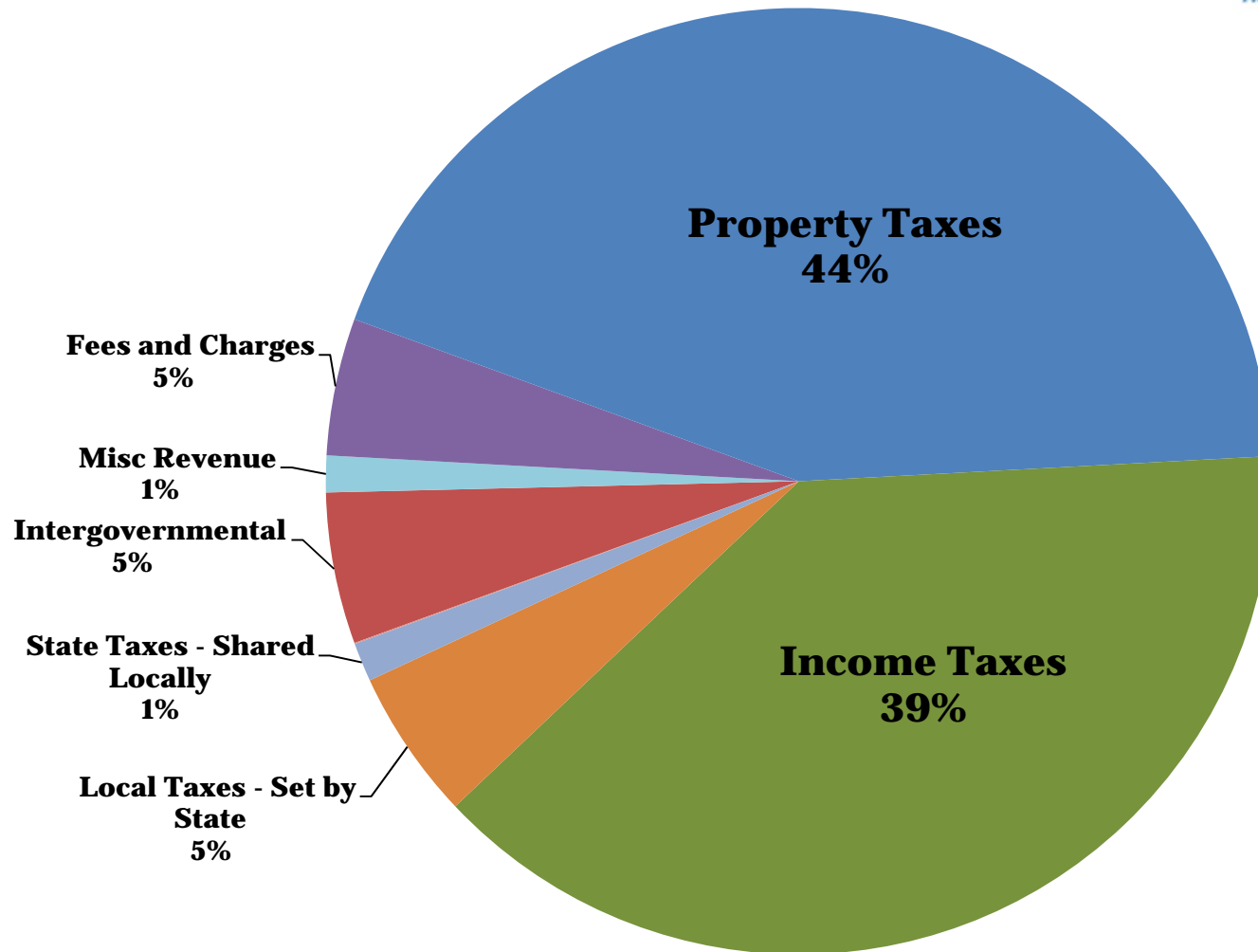
Presentation to the
Local Homestead Credit Review Commission
Summer 2013 (Updated 5-30-13)

Prepared by the Office of Finance and Management

2013 General Fund Revenue

Revised budget total: \$539,679,138

Office of Finance & Management
Indianapolis
Mayor Gregory A. Ballard



Overall City/County
Budget (All Funds):
\$1.0 billion in 2013

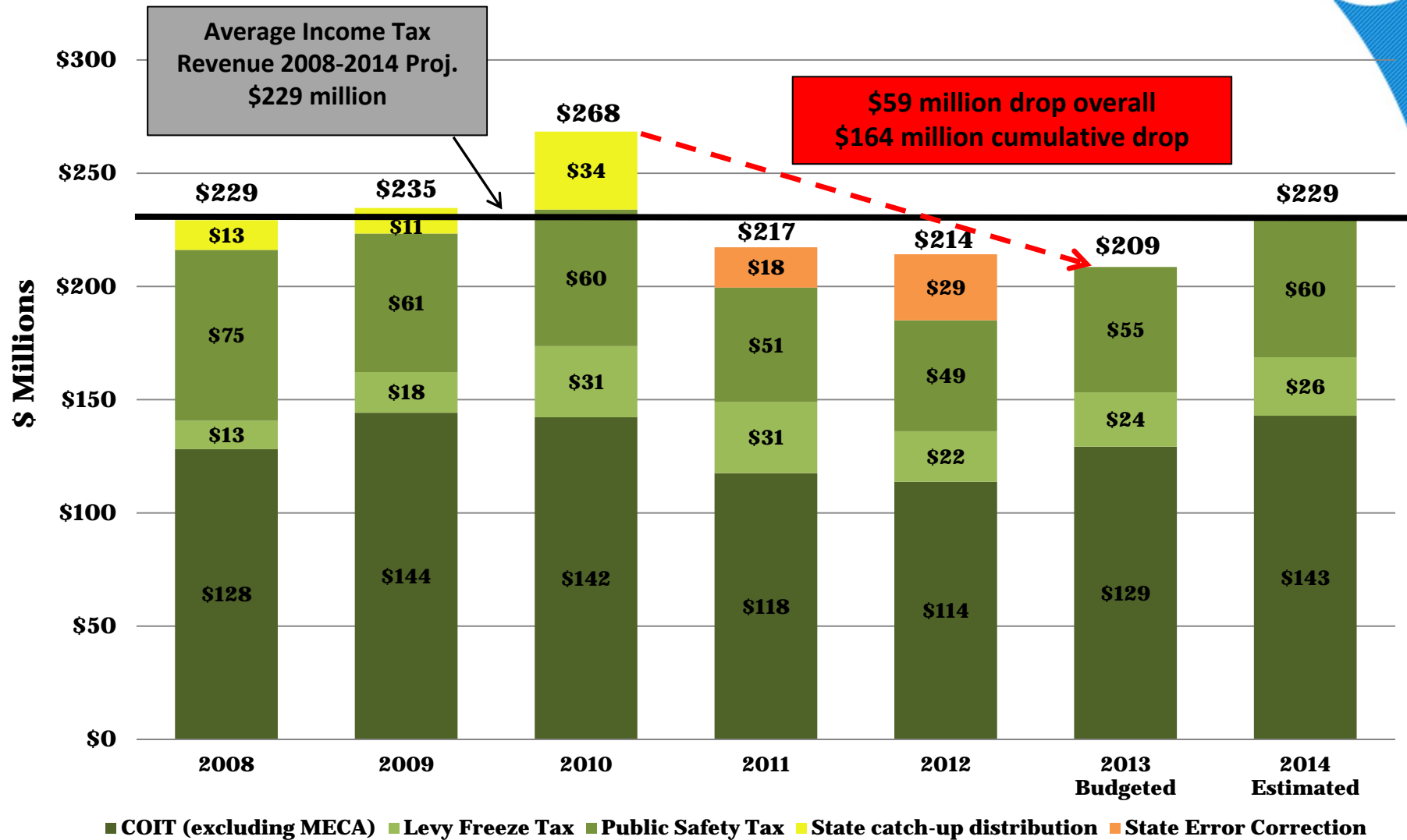
Notes:

- 1. Local taxes set by the State include:** auto excise, financial institutions, commercial vehicle excise and inheritance taxes
- 2. State taxes shared locally include:** riverboat wagering/gaming, cigarette, alcohol excise and gallonage taxes.
- 3. Fees and charges for services include:** cable franchise, court costs, park admissions/fees, recording fees, wrecker franchise, etc.
- 4. Miscellaneous revenue includes:** sale and lease of property, fines and penalties, and other misc. revenues.

Major Income Tax Revenue

to City-County General Funds Only
(adjusted)

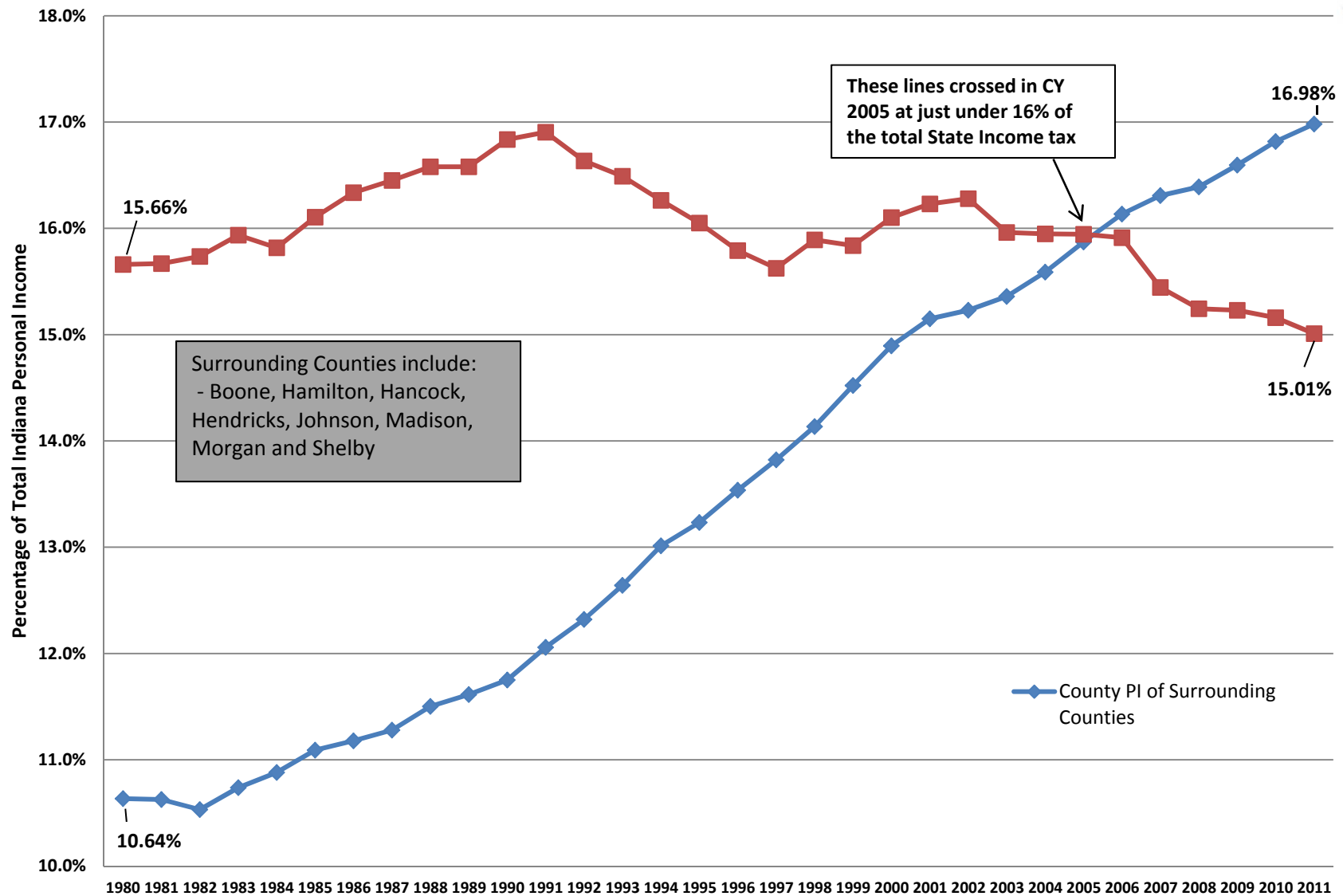
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Mayor Gregory A. Ballard



Note: 2014 projected income tax revenue not final.

Marion vs. Surrounding Counties Personal Income as a Percent of Indiana Personal Income

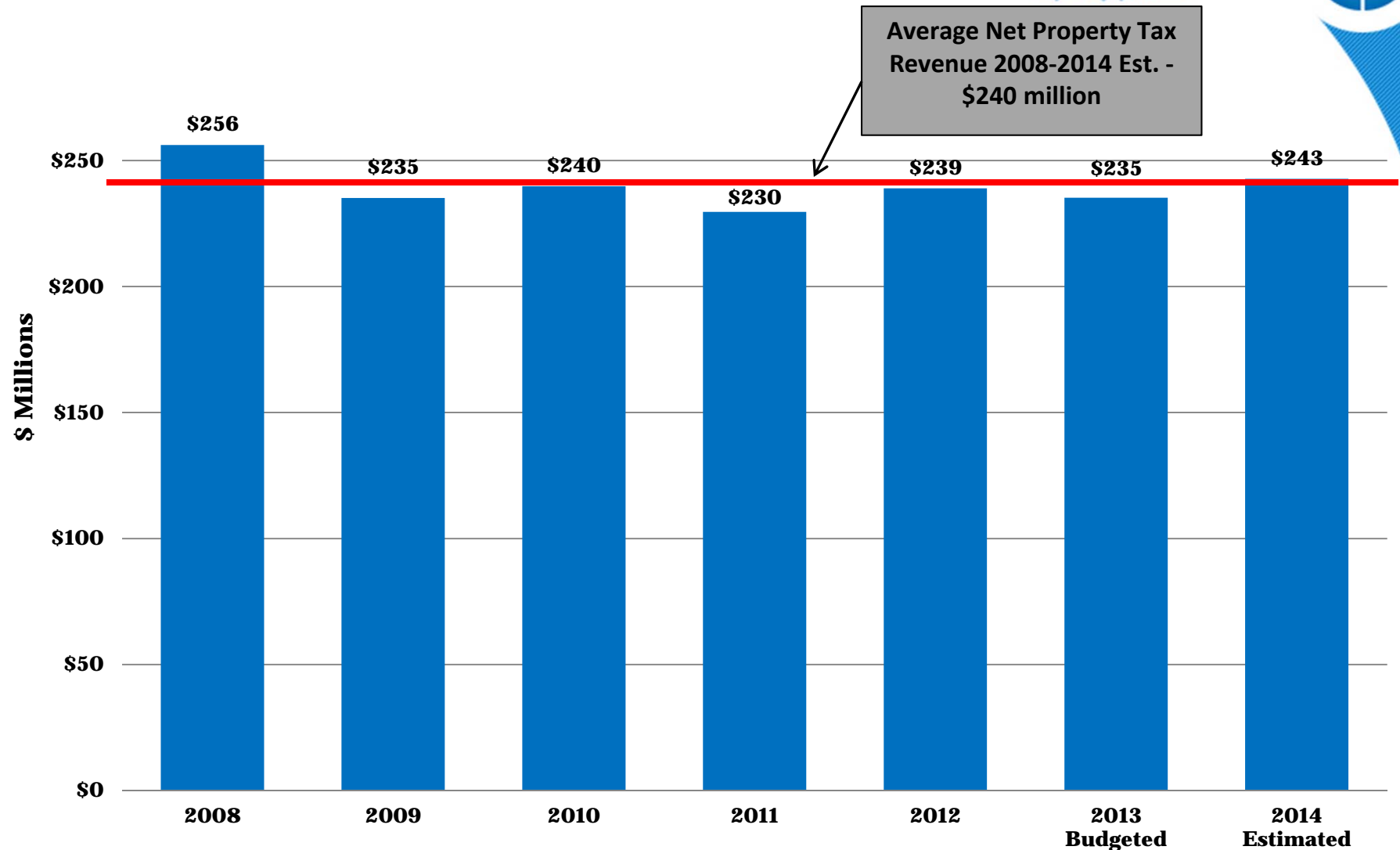
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Major Net Property Tax Revenue

to City-County General Funds Only
(adjusted)

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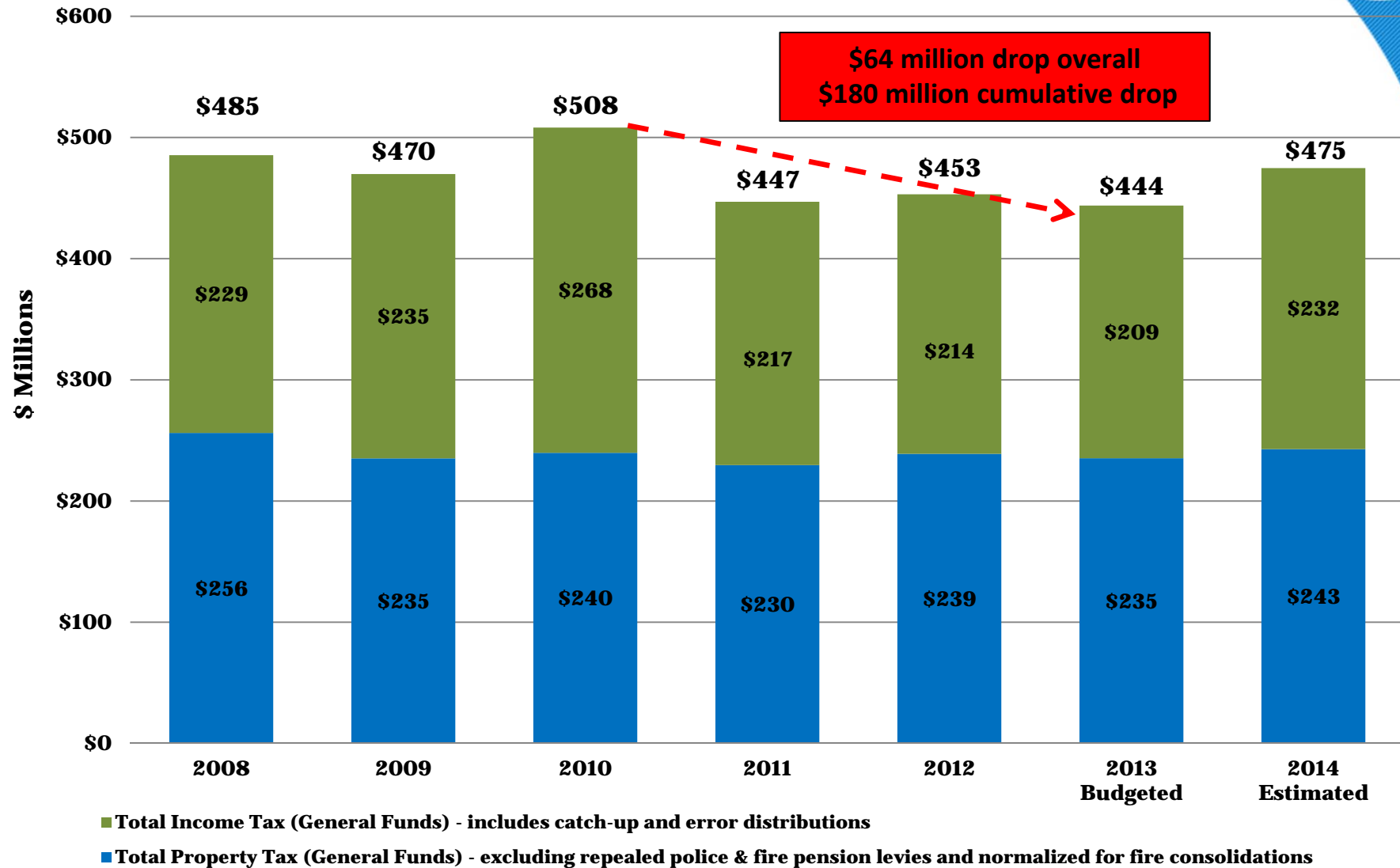


■ Total Property Tax (General Funds) - excluding repealed police & fire pension levies and normalized for fire consolidations

Major Tax Revenue

to City-County General Funds Only
(adjusted)

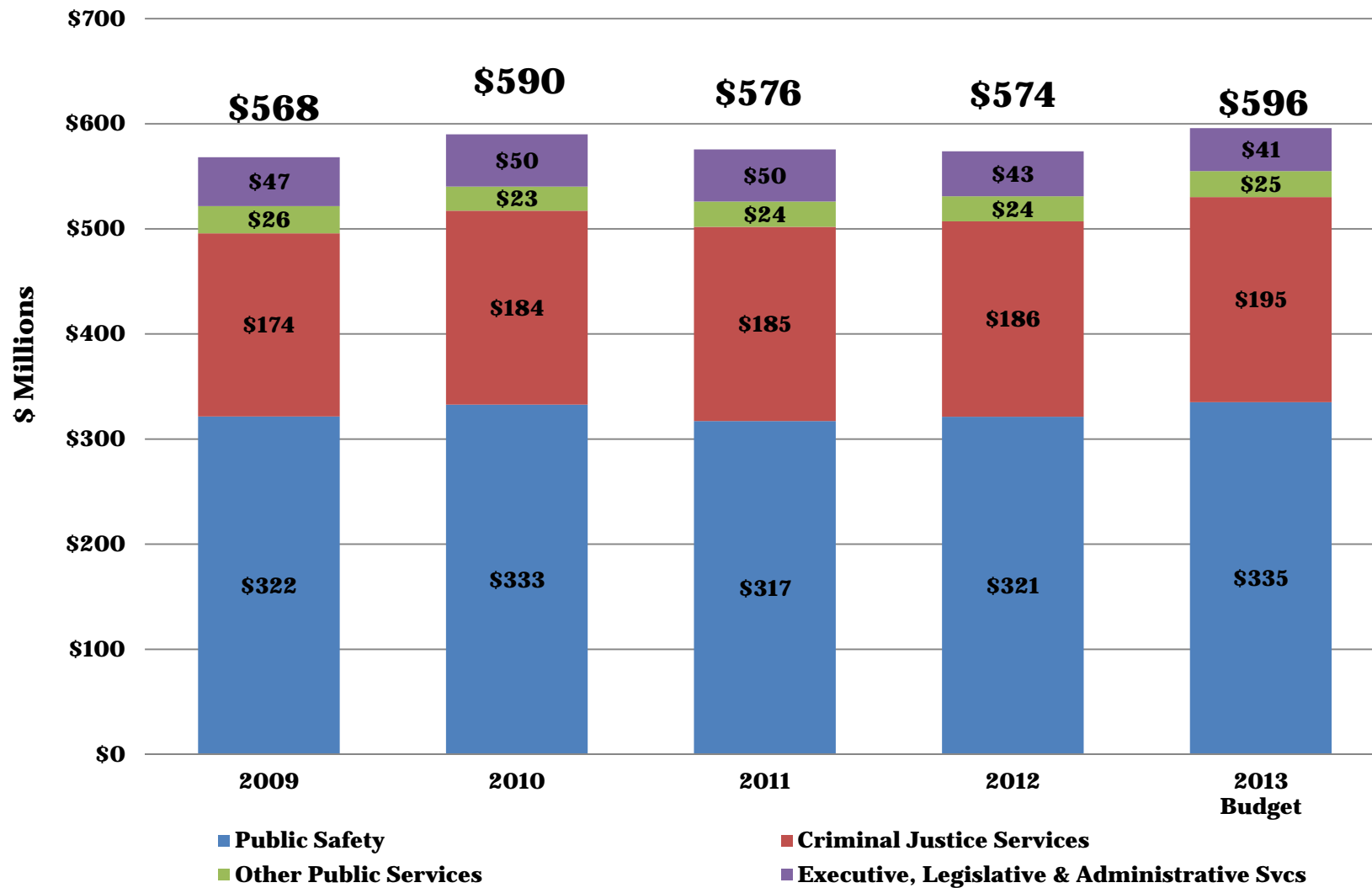
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General Fund Expenses

Consolidated City of Indianapolis, Marion County
(adjusted)

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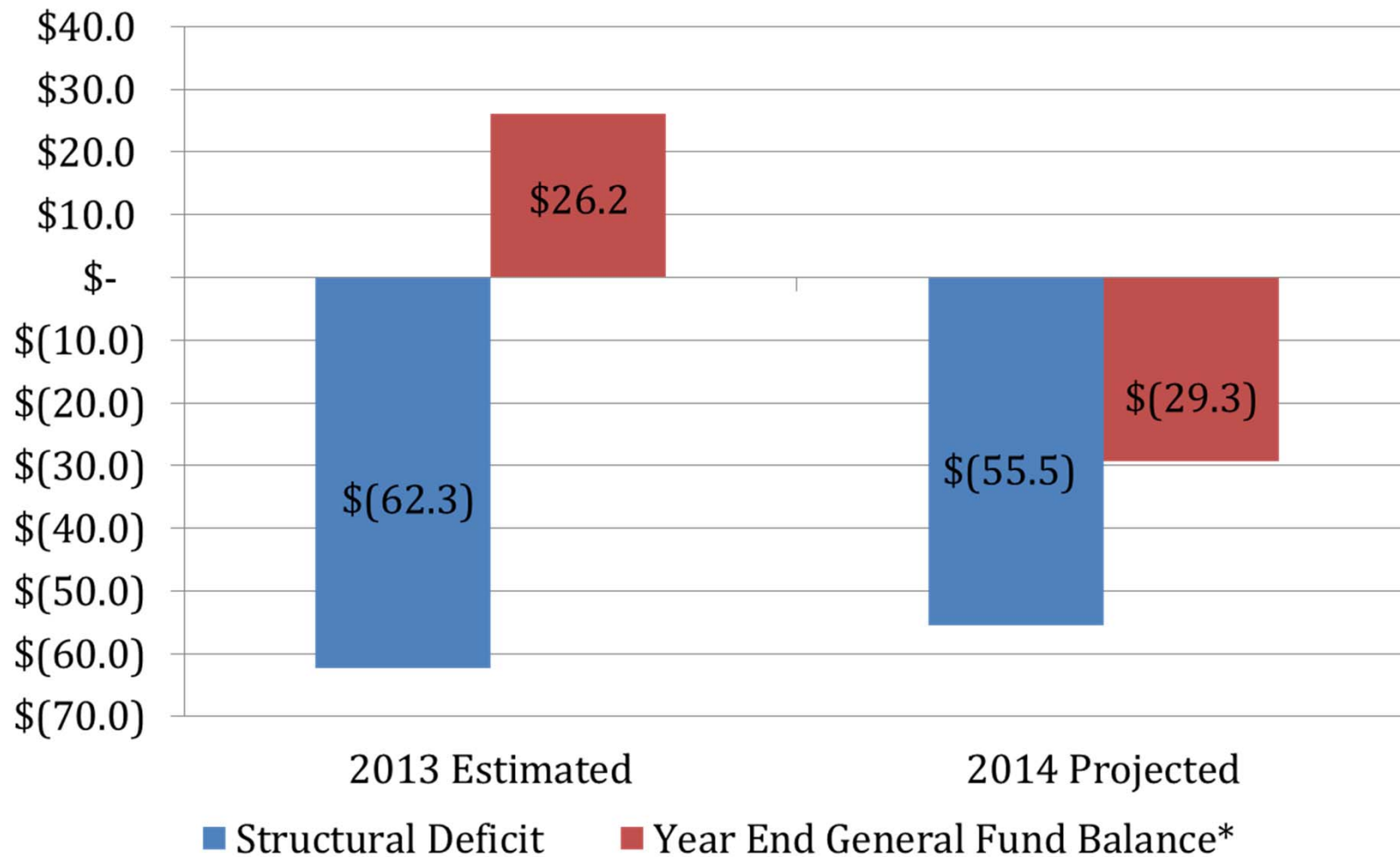
Impact on Fund Balance



- Little to no growth in major revenue sources place a burden on lowering expenditures and depleting fund balances.
- Even with one-time revenue sources and reductions in expenditures during 2013, a structural deficit will occur.
 - ***The structural deficit is based expected expenditures for a given year, net of total revenue for a given year, adjusted for one-time revenue/expenditures or anticipated future revenue/expenditures.***
- While overall general fund expenditures have increased over the last 5 years, an increase in public safety and criminal justice services have created additional pressure on the annual budget.
- Actions have been taken to address stagnant revenues by reducing expenditures where possible, drawing down fund balances and identifying potential revenue sources both ongoing and one-time.

City/County General Fund Impact 2013 and 2014 Est. *(\$'s in millions)*

Office of Finance & Management
Indianapolis
Mayor Gregory A. Ballard



Impact of Homestead Credit



- Currently: **\$12.5M** of county option income tax (COIT) is set aside for Local Homestead Credit
- Increased expenditures and stagnant tax revenues has created a structural deficit and potential general fund cash reserve issue
- Elimination of the Local Homestead Credit would provide the city/county with almost **\$8.3M** in potential on-going revenue without an increase in income taxes
- Creates minimal impact on property taxes (*below the cap or part of a referendum*)
- Elimination of the Local Homestead Credit is not a **“silver bullet”**
 - However, this is one option to address the structural deficit and general fund cash reserves



Local Homestead Credit Review Commission

For Marion County

May 29, 2013 – June 5, 2013

Policy Analytics, LLC

Overview of COIT

1. COIT is the County Option Income Tax. It was adopted in the 1980's. COIT is one of three types of local income tax imposed in Marion County.
2. COIT is spendable revenue for civil units of government to be used for any valid budgeted purpose.
3. The COIT homestead credit was established at the time COIT was enacted.
4. In 2013, \$12.5M of Marion County's \$169M COIT distribution was used to replace a portion of homestead property tax levies.
5. This amount gets distributed as property taxes to all units in the county that are able to levy property taxes.

Overview of the COIT Homestead Credit

1. Currently, \$12.5M of the \$169M Marion County COIT distribution is allocated as a homestead credit for Marion County homeowners.
2. A “homestead” is defined by Indiana law as an owner-occupied permanent dwelling. An individual can only claim homestead status on one property – the home in which they claim primary residence.
3. The COIT Homestead Credit is not the same as the “Homestead Deduction.” The homestead deductions are administered by the State, and are not local policy decisions.
4. Marion County has an additional small homestead credit – the LOIT (local option income tax) homestead credit, which is not part of this discussion.
5. COIT Homestead Credits “become” property tax revenue by virtue of replacing a portion of the property taxes that residential taxpayers would otherwise pay.

Impact of Eliminating the HSC on Taxing Units

1. Eliminating the COIT homestead credit in 2014 will shift approximately \$12.8M in COIT dollars from property tax substitution to spendable general revenues for certain civil units (certified shares).
2. This change increases *effective* property tax rates. The result is a reduction in property tax collections for all taxing units as taxpayers are moved further above the circuit breaker rate caps.
3. Additional COIT dollars, freed up from the homestead credit will shift to those civil units that are eligible to receive COIT distributions according to current law.

Impact on Taxing Units

Impact of Eliminating the COIT Homestead Credit

Taxing Units that Experience a Net Revenue Increase

Taxing Unit	Prop. Tax. Decrease	COIT Increase	Net Revenue Impact
City of Indianapolis/Marion County	(3,200,344)	11,525,828	8,325,484
Decatur, Pike, Wayne Twps.	(290,906)	797,227	506,321
Lawrence	(159,518)	193,721	34,202
Beech Grove	(50,607)	133,968	83,361
Southport	(2,062)	4,229	2,167
Speedway	(8,775)	126,448	117,673
Total - Units w/ Revenue Increase	(3,712,212)	12,781,421	9,069,209

Impact on Taxing Units

Impact of Eliminating the COIT Homestead Credit

Taxing Units that Experience Circuit Breaker Losses

Taxing Unit	Prop. Tax. Decrease	COIT Increase	Net Revenue Impact	Pct. Decrease
Townships	(37,838)	-	(37,838)	-0.9%
Towns (Clermont, Cumberland, etc.)	(18,436)	-	(18,436)	-1.5%
School Corporations	(3,903,580)	-	(3,903,580)	-1.0%
Libraries	(416,667)	-	(416,667)	-1.1%
Indygo	(304,348)	-	(304,348)	-1.0%
Health and Hospital	(627,426)	-	(627,426)	-1.1%
Total - Units w/ Revenue Decrease	(5,308,296)	-	(5,308,296)	-1.0%

Impact on Taxpayers

1. **No Impact:** Taxpayers who are already at their circuit breaker maximum (liability is 1% of gross AV) will not see an increase in non-referendum property tax liability.
2. **Some Impact:** Taxpayers that are below their circuit breaker maximum will see an increase in property tax liability.
3. **Referendum Impact:** Taxpayers subject to a school referendum fund levy will see an increase on the portion of their tax bill resulting from the referendum process – regardless of their circuit breaker status.

Impact on Taxpayers

Schools with voter-approved referendum funds

- **Indianapolis Public Schools**
- **Beech Grove Schools**
- **Speedway Schools**
- **Washington Township Schools**
- **Perry Township Schools**
- **Pike Township Schools**

Taxpayer with no Liability Impact

Full Impact to Taxing Unit

Illustrative Tax Bill	Current Law	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value - Circuit Breaker is 1%	117,218	117,218
Standard and supplemental homestead deduction	(70,276)	(70,276)
Other deductions	(3,000)	(3,000)
Net Assessed Value	43,942	43,942
Non Referendum Tax Liability		
<i>Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	1,701.73	1,701.73
Less: COIT Homestead Credit	(61.22)	-
Less: LOIT Homestead Credit	(6.29)	(6.29)
Circuit breaker credit - revenue lost to taxing units	(462.04)	(523.26)
Net Tax Liability	1,172.18	1,172.18

Homestead Liability Increase

Impact shared by Taxpayer and Taxing Units

Illustrative Tax Bill	Current Law	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value - Circuit Breaker is 1%	70,391	70,391
Standard and supplemental homestead deduction	(52,089)	(52,089)
Other deductions	-	-
Net Assessed Value	18,302	18,302
Non Referendum Tax Liability		
<i>Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	724.91	724.91
Less: COIT Homestead Credit	(26.08)	-
Less: LOIT Homestead Credit	(2.68)	(2.68)
Circuit breaker credit - revenue lost to taxing units	-	(18.32)
Net Tax Liability	696.15	703.91

Homestead Liability Increase

No Circuit Breaker Protection to Taxpayer

Illustrative Tax Bill	Current Law	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value - Circuit Breaker is 1%	90,000	90,000
Standard and supplemental homestead deduction	(60,750)	(60,750)
Other deductions	(3,000)	(3,000)
Net Assessed Value	26,250	26,250
Non Referendum Tax Liability		
<i>Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	708.23	708.23
Less: COIT Homestead Credit	(25.48)	-
Less: LOIT Homestead Credit	(2.62)	(2.62)
Circuit breaker credit - revenue lost to taxing units	-	-
Net Tax Liability	680.13	705.61

Homestead Liability Increase

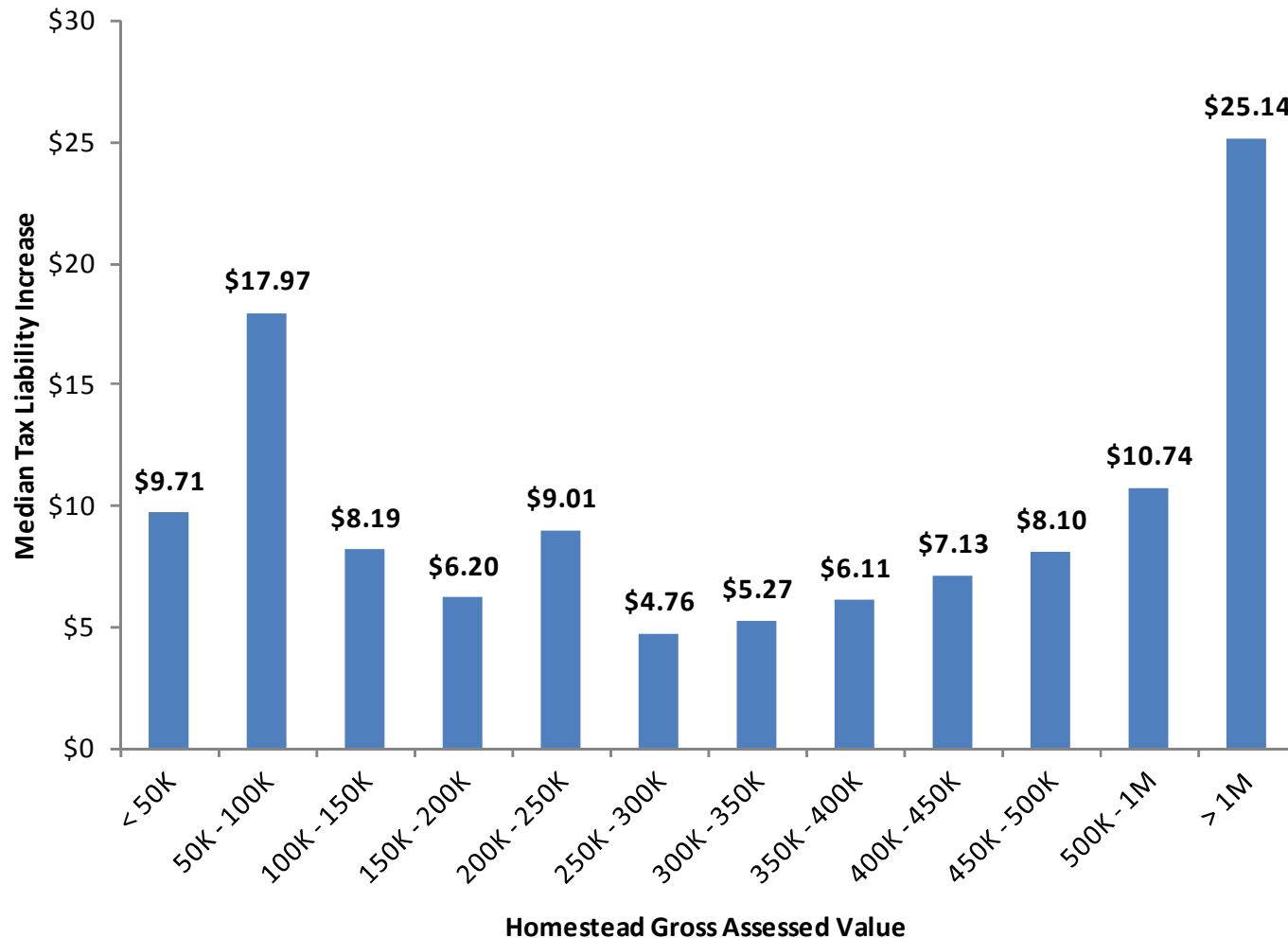
Impact to Referendum Liability Only

Illustrative Tax Bill	Current Law	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value - Circuit Breaker is 1%	176,705	176,705
Standard and supplemental homestead deduction	(91,097)	(91,097)
Other deductions	-	-
Net Assessed Value	85,608	85,608
Non Referendum Tax Liability		
<i>Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	2,682.19	2,682.19
Less: COIT Homestead Credit	(96.49)	-
Less: LOIT Homestead Credit	(9.92)	(9.92)
Circuit breaker credit - revenue lost to taxing units	(808.73)	(905.22)
Net Tax Liability	1,767.05	1,767.05
Referendum Tax Liability		
<i>Not Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	206.06	206.06
Less: COIT Homestead Credit	(7.42)	-
Less: LOIT Homestead Credit	(0.76)	(0.76)
Net Tax Liability	197.88	205.30
Total Net Tax Liability	1,964.93	1,972.35

Distribution of Property Tax Increases due to the Elimination of the COIT Homestead Credit



Median Homestead Tax Liability Increase *per given assessed value range*



Representative Taxpayer History

\$100K Parcel

Representative Taxpayer Analysis - Representative \$100K Parcel

Impact of Eliminating COIT Homestead Credit

									Pct.		2014	Pct.	
		Actual Property Tax Liability							2014	Chng.	HSC	Chng.	Liab.
Dist	District Name	2007	2008	2009	2010	2011	2012	2013	Proj.	07-14	Elim	07-14	Incr.
101	Center Twp.	1,281	751	787	881	982	983	1,053	1,061	-17%	1,079	-16%	17
500	Perry Twp.	1,082	749	718	649	822	900	959	971	-10%	1,008	-7%	36
800	Wash. Twp.	817	494	519	517	594	610	634	641	-22%	665	-19%	24
600	Pike Twp.	1,068	688	666	653	673	710	758	766	-28%	795	-26%	29
300	Franklin Twp.	1,341	1,016	999	1,000	1,000	910	1,000	1,000	-25%	1,000	-25%	-

Representative Taxpayer History

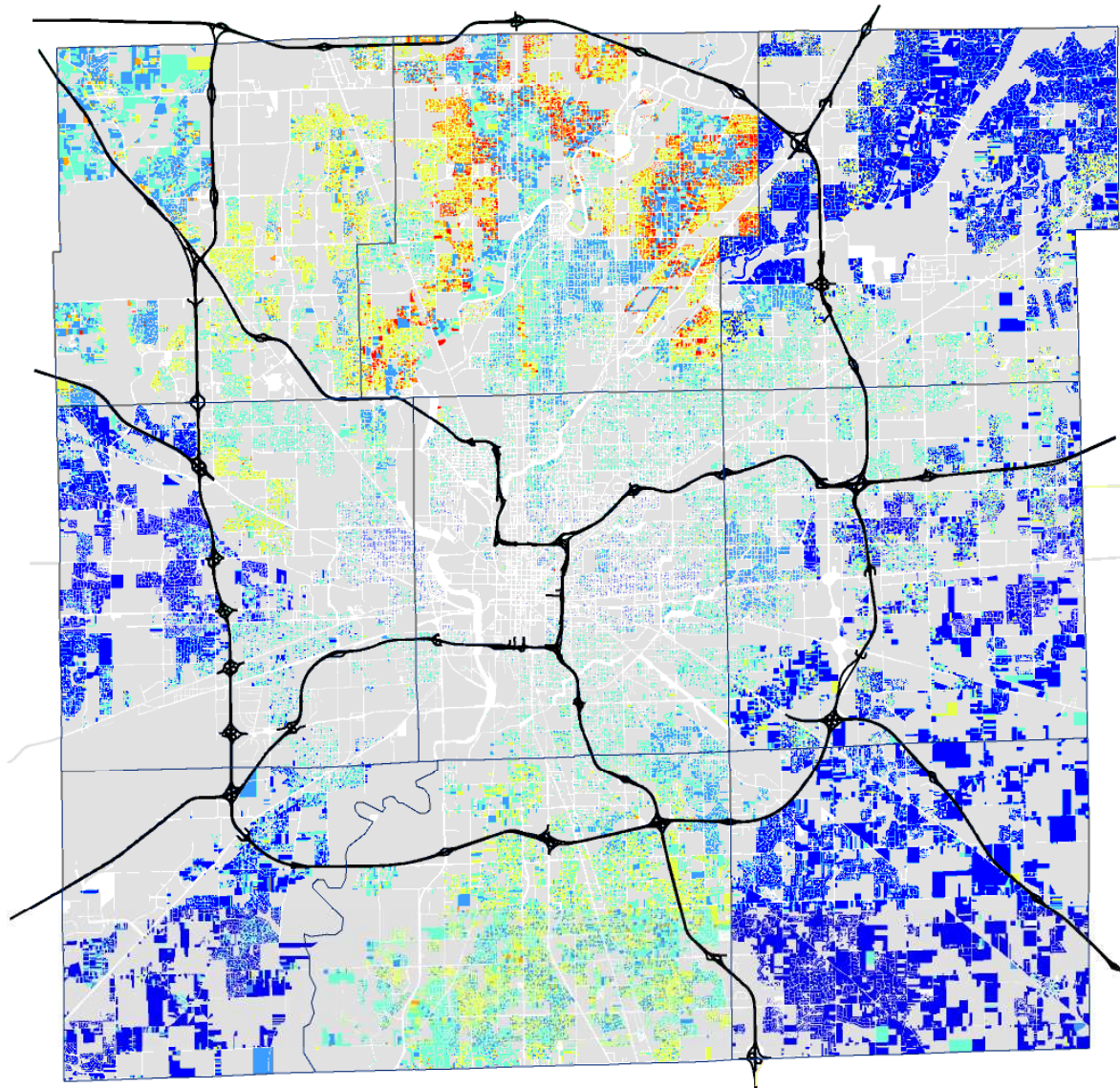
\$200K Parcel

Representative Taxpayer Analysis - Representative \$200K Parcel

Impact of Eliminating COIT Homestead Credit

Dist	District Name	Actual Property Tax Liability							2014 Proj.	Pct. Chng. 07-14	2014 HSC Elim.	Pct. Chng. 07-14	Liab. Incr.
		2007	2008	2009	2010	2011	2012	2013					
101	Center Twp.	3,744	2,194	2,349	2,116	2,073	2,103	2,228	2,226	-41%	2,234	-40%	8
500	Perry Twp.	3,163	2,188	2,144	1,936	2,000	2,340	2,415	2,423	-23%	2,439	-23%	16
800	Wash. Twp.	2,389	1,443	1,548	1,542	1,771	1,820	1,893	1,913	-20%	1,985	-17%	72
600	Pike Twp.	3,123	2,011	1,987	1,949	2,008	2,119	2,141	2,141	-31%	2,147	-31%	5
300	Franklin Twp.	3,919	2,969	2,983	2,000	2,000	2,000	2,000	2,000	-49%	2,000	-49%	-

Geographical Impacts - Parcel Level



County Overview

Impact of Removing COIT Homestead Credit



PolicyAnalytics, LLC

Local Homestead Credit Review Commission Website

- View documents and presentations
- Check the impact of eliminating the COIT Homestead Credit for any given parcel.
 - Go the Commission website
<http://www.indy.gov/eGov/Council/Committees/Pages/Local-Homestead-Credit-Review-Commission.aspx>
 - Click on “Check Impact”
 - Enter the parcel number for the parcel of interest (parcel number can be found on the tax bill, or via the website).

Descriptive Analysis of the Elimination of the COIT Homestead Credit in Marion County

Impacts to Taxpayers and Taxing Units

Prepared for the:
Local Homestead Credit Review Commission

By:
Policy Analytics, LLC



May 28, 2013

Background on Marion County COIT Homestead Credit

Under IC 6-3.5-6, Marion County currently imposes a county option income tax (COIT) of 1%. The COIT taxing option was made available by the Indiana General Assembly in the early 1980's to provide diversification to the revenue base of civil units of government. The revenue raised from the COIT is distributed to non-school taxing units as prescribed by statute, and in the form of property tax relief to homeowners. The COIT property tax relief component is known as the "Homestead Credit," and in 2013, comprises \$12.5M of the total \$169M COIT distribution to Marion County (7.4%).

The COIT homestead credit was instituted by the City County Council to complement the forms of property tax relief already provided by the State at that time: the property tax replacement credit (PTRC) and the state homestead credit. In 2008, the Indiana General Assembly enacted a wide range of property tax reforms. These reforms eliminated the state PTRC, phased out the state homestead credit, and instituted a new series of rate caps (known as "circuit breakers") as the predominant form of property tax controls. These rate caps have since been embodied in the Indiana Constitution.

A homestead is a special subclass of residential property under Indiana law – defined as an owner-occupied permanent dwelling. An individual taxpayer can only claim homestead status on one property – the home in which they claim as their primary residence. Rental homes, apartments and second homes are not eligible for the homestead classification. The COIT homestead credit operates as a discount on a homestead property owner's tax bill (about 4%). The homeowner's gross tax (net assessed value multiplied by tax rate) is discounted by the homestead credit. If the resulting tax bill still exceeds the rate cap limit (1% of gross assessed value), then the tax bill is further reduced until this maximum liability is reached.

The COIT homestead credit, to which this memo refers, is a different property tax relief mechanism than what are commonly known as homestead deductions (the standard and the supplemental deductions). These deductions, which provide substantially more property tax relief to taxpayers are in effect statewide, and are not local policy choices.

Current Property Tax Relief Mechanisms for Homestead Taxpayers

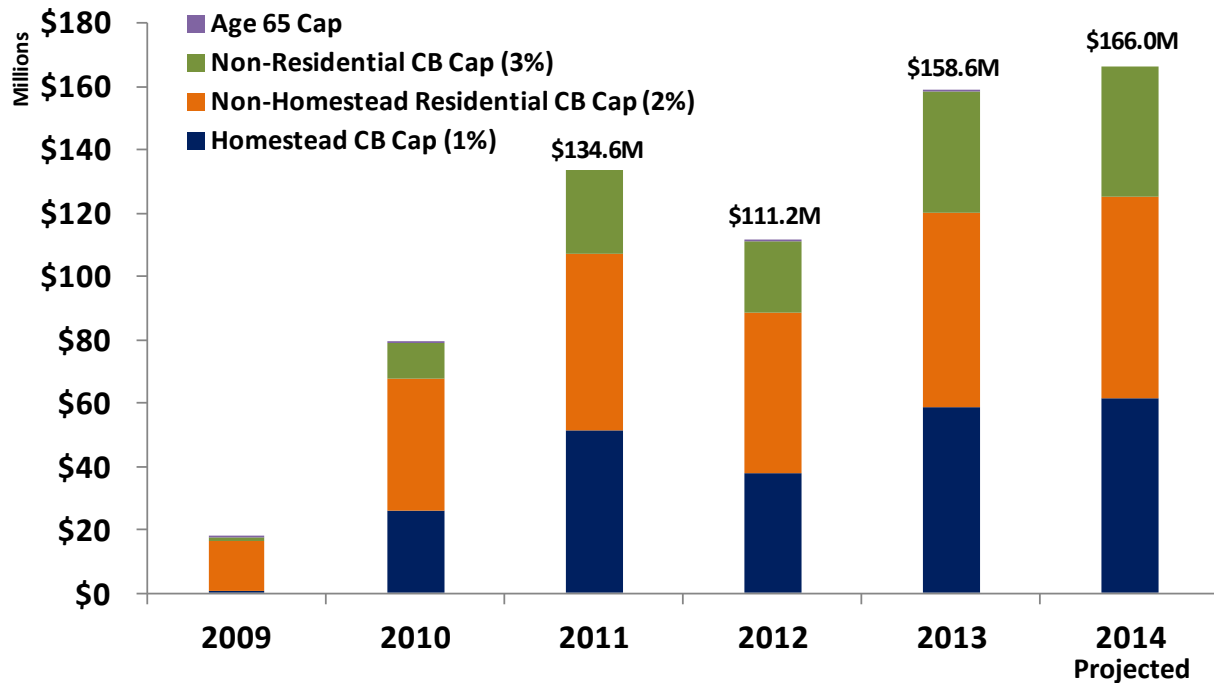
Table 1

Property Tax Relief Tool	State or Local?	Type	Description
Standard Deduction	State	Deduction on Assessed Value	60% of Homestead gross AV, up to \$45K
Supplemental Deduction	State	Deduction on Assessed Value	35% of Homestead gross AV on first \$600K (after std. ded.), 25% on remaining Hmstd. AV.
COIT Homestead Credit	Local	Credit on tax liability	Approximately 4% of homestead tax gross tax liability. Only option considered in this analysis.
LOIT Homestead Credit	Local	Credit on tax liability	Approximately 0.5% of homestead tax gross tax liability.
Homestead Circuit Breaker Rate Cap	State	Credit on tax liability	Credit on any homestead non-referendum tax liability in excess of 1% of homestead gross AV.
Age 65 Circuit Breaker Credit	State	Credit on Tax Liability	Caps the year-over-year increase in Homestead tax liability at 2% for eligible taxpayers

The 2008 property tax reforms significantly altered the framework in which local fiscal policy decisions are made. While the reforms reduced individual tax liabilities and made tax bills more consistent and predictable, the rate caps resulted in reduced revenue and increased fiscal uncertainty for local governmental units. In 2013, the circuit breaker rate caps reduce property tax net levies in Marion County by \$158.7M (or 13%).

Revenue Lost to the Circuit Breaker Rate Cap

Marion County; 2009 to 2014 (projected)



The altered mechanics of post-circuit breaker property taxation, and the fiscal challenges created by the circuit breaker have necessitated a re-evaluation of the fiscal policies and assumptions that were in place in the pre-circuit breaker era. The objective of this analysis is to quantify the impacts to both taxing units and taxpayers of eliminating the COIT homestead credit in Marion County.

Taxpayers: Impact of Eliminating the COIT Homestead Credit

For taxpayers, the implications of eliminating the homestead credit are complicated by the interactions of the circuit breaker credit. The 2008 property tax reform instituted a rate cap (circuit breaker) of 1% of gross assessed value for homestead property (except for property taxes related to a voter approved referendum – as explained below). Because of the circuit breaker rate cap, eliminating the homestead credit will affect properties differently – depending on assessed value, eligible deductions, and the prevailing property tax rate. The impacts can be broadly summarized into three situations – though there are cases where more than one situation will apply to a particular parcel.

Case A: The elimination of the COIT homestead credit causes no liability impact

The elimination of the homestead credit will have no impact on the non-referendum tax liability for taxpayers who are already at the circuit breaker limit (net property tax liability is greater than 1% of gross assessed value). These taxpayers are already paying their maximum property tax liability and their tax bill would not increase as a result of the homestead credit elimination. For these taxpayers, the effects of the COIT homestead credit elimination would be borne by the taxing units in the form of reduced property tax collections, and not by the taxpayers themselves.

Table 2: Case A - Taxpayer with no Liability Impact – Full Impact to Taxing Unit

Illustrative \$100K homestead parcel in Wayne Township

Illustrative Tax Bill	Current Scenario	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value	100,000	100,000
Standard and supplemental homestead deduction	(64,250)	(64,250)
Other deductions (Mortgage)	(3,000)	(3,000)
Net Assessed Value	32,750	32,750
Property Tax Liability (District Tax Rate = 3.8727)		
Gross tax liability (before circuit breaker)	1,268.31	1,268.31
Less: COIT Homestead Credit	(45.63)	-
Less: LOIT Homestead Credit ¹	(4.69)	(4.69)
Circuit breaker credit - revenue lost to taxing units	(217.99)	(263.62)
Net Tax Liability	1,000.00	1,000.00

Explanation of Change	
Homestead Credit removed - COIT revenue shifted to units	45.63
Tax bill increase for homeowner	-
Property tax revenue reduction to taxing units - via circuit breaker	45.63

¹ The LOIT (local option income tax) homestead credit is funded under a separate legal provision. Because of state rules regarding its administration, the elimination of the LOITHSC is not considered in this

Case B: The elimination of the COIT homestead credit causes increased tax liability to non-referendum taxes

Homeowners who are not yet at the circuit breaker rate cap would see increased tax bills if the COIT homestead credit is eliminated. Because the tax liabilities for these parcels are not yet equal to 1% of the homestead's gross assessed value, there is still room for tax bills to increase before the circuit breaker protection kicks in. For these taxpayers, property tax bills could increase by up to approximately 4%, or until the net liability exceeds 1% of gross assessed value, whichever comes first.

The following table describes an example of a case in which the elimination of the homestead credit causes an increase in tax liability – but the increase is mitigated by the circuit breaker rate cap. In this case, the elimination of the homestead credit pushes the tax liability above the circuit breaker maximum, so the impact is shared between the taxpayer and taxing units.

Table 3: Case B - Homestead Liability Increase – Impact Shared by Taxpayer and Unit
Illustrative \$70K homestead parcel in Decatur Township

Illustrative Tax Bill	Current Law	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value	70,391	70,391
Standard and supplemental homestead deduction	(52,089)	(52,089)
Other deductions	-	-
Net Assessed Value	18,302	18,302
Non Referendum Tax Liability (District Tax Rate = 3.9609)		
<i>Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	724.91	724.91
Less: COIT Homestead Credit	(26.08)	-
Less: LOIT Homestead Credit ¹	(2.68)	(2.68)
Circuit breaker credit - revenue lost to taxing units	-	(18.32)
Net Tax Liability	696.15	703.91
Explanation of Change		
Homestead Credit removed - COIT revenue shifted to units		26.08
Tax bill increase for homeowner		7.76
Property tax revenue reduction to taxing units - via circuit breaker		18.32

¹ The LOIT (local option income tax) homestead credit is funded under a separate legal provision. Because of state rules regarding its administration, the elimination of the LOIT HSC is not considered in this analysis.

The table below describes an example of a situation where the COIT homestead credit is eliminated, but the resulting tax liability is still sufficiently below the circuit breaker maximum, such that the taxpayer bears the full burden of the homestead credit elimination.

Table 4: Case B - Homestead Liability Increase – No Circuit Breaker Protection to Taxpayer
Illustrative \$200K homestead parcel in the city of Lawrence

Illustrative Tax Bill	Current Law	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value	200,046	200,046
Standard and supplemental homestead deduction	(99,266)	(99,266)
Other deductions	(28,236)	(28,236)
Net Assessed Value	72,544	72,544
Non Referendum Tax Liability (District Tax Rate = 2.9680)		
<i>Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	1,957.23	1,957.23
Less: COIT Homestead Credit	(70.41)	-
Less: LOIT Homestead Credit ¹	(7.24)	(7.24)
Circuit breaker credit - revenue lost to taxing units	-	-
Net Tax Liability	1,879.59	1,949.99
Explanation of Change		
<i>Homestead Credit removed - COIT revenue shifted to units</i>		70.41
<i>Tax bill increase for homeowner</i>		70.41
<i>Property tax revenue reduction to taxing units - via circuit breaker</i>		-

¹ The LOIT (local option income tax) homestead credit is funded under a separate legal provision. Because of state rules regarding its administration, the elimination of the LOIT HSC is not considered in this analysis.

Case C: The elimination of the homestead credit causes an increase to the liability resulting from a voter approved referendum.

Tax rates for school capital projects or school operating funding that were approved by voter referenda are exempt from the circuit breaker credit. Currently, these circuit breaker exempt rates have been approved in the IPS, Beech Grove, Speedway, Washington Township, Perry Township, and Pike Township school districts. The elimination of the COIT homestead credit would result in an increase (approximately 4%) to the portion of the property taxes resulting from the referendum process. This increase would apply to all homeowners with a referendum-approved tax rate, regardless of whether or not the taxpayer is already at the circuit breaker rate cap. An illustration of the impact of eliminating the COIT homestead credit on a taxpayer subject to the referendum rate is shown below.

Table 5: Case C - Homestead Liability Increase – Impact to Referendum Liability Only

Illustrative \$100K Homestead Parcel in Beech Grove

Illustrative Tax Bill	Current Scenario	COIT Hmstd. Credit Elim. Scenario
Assessed Value		
Gross assessed value	100,000	100,000
Standard and supplemental homestead deduction	(64,250)	(64,250)
Other deductions (Mortgage)	(3,000)	(3,000)
Net Assessed Value	32,750	32,750
Non Referendum Tax Liability (District Tax Rate = 4.7542)		
<i>Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	1,557.00	1,557.00
Less: COIT Homestead Credit	(56.01)	-
Less: LOIT Homestead Credit ¹	(5.76)	(5.76)
Circuit breaker credit - revenue lost to taxing units	(495.23)	(551.24)
Net Tax Liability	1,000.00	1,000.00
Referendum Tax Liability (District Tax Rate = 0.3578)		
<i>Not Eligible for Circuit Breaker Credit</i>		
Gross tax liability (before circuit breaker)	117.18	117.18
Less: COIT Homestead Credit	(4.22)	-
Less: LOIT Homestead Credit ¹	(0.43)	(0.43)
Net Tax Liability	112.53	116.75
Total Net Tax Liability	1,112.53	1,116.75
Explanation of Change		
Homestead Credit removed - COIT revenue shifted to units		60.23
Tax bill increase for homeowner		4.22
Property tax revenue reduction to taxing units - via circuit breaker		56.01

¹ The LOIT (local option income tax) homestead credit is funded under a separate legal provision. Because of state rules regarding its administration, the elimination of the LOIT HSC is not considered in this analysis.

The effects of eliminating the COIT homestead credit vary based on location and property value. The impacts to specific areas and classes of taxpayers are summarized in the findings, tables and maps that follow.

Taxing Units: Impact of Eliminating the COIT Homestead Credit

The Marion County COIT homestead credit is currently set at approximately 4% of a homestead's gross liability (defined as net assessed value times gross tax rate). In 2014, approximately \$12.8M in COIT revenue will be directed to homestead property tax relief. Eliminating the COIT homestead credit would have two effects on local taxing units, which are explained below. First, general COIT distributions freed up from the homestead credit will be shifted to civil units' budgets. Secondly, the circuit breaker rate caps will bite more deeply into all unit's net property tax revenue, as more taxpayers reach the circuit breaker limit (see table on page 9).

1. Eliminating COIT homestead credit would result in some property tax revenue reduction for all taxing units.

Removing the COIT homestead credit would lead to an increase in *effective* property tax rates countywide. In general, as tax rates increase, taxing units lose more revenue to the circuit breaker rate caps. As the COIT homestead credit is removed, the tax liability applicable for the 1% circuit breaker rate cap would increase. This increase in homestead circuit breaker impact would cause a reduction in revenue for taxing units. This impact would apply to all taxing units – since all taxing units have homestead parcels in their tax base, regardless of their eligibility to receive additional COIT revenue.

2. Eliminating the homestead credit would increase revenue to some taxing units by shifting COIT revenue that is currently being applied as homestead credits to general certified shares (revenue distributed to taxing units for any budgeted purpose).

In Marion County, the only units eligible to receive increases in COIT distributions are the Marion County taxing unit, the Consolidated City of Indianapolis, Decatur, Pike and Wayne Townships, and the cities of Lawrence, Beech Grove, Southport and Speedway. Upon the elimination of the COIT homestead credit, the COIT distributions to these units would increase by a combined \$12.8M (see table on page 9). Units that are not eligible to receive additional COIT distributions will not see any revenue increase resulting from the elimination of the COIT homestead credit.

The elimination of the COIT homestead credit would, after the property tax losses described above are taken into account, provide for a net increase in the total revenue available to Marion County taxing units. For taxing units that are eligible for an increase in their COIT distribution, the added COIT revenue would be greater than the losses due to the circuit breaker. For taxing units that are not eligible for an increased COIT distribution, the elimination of the COIT homestead credit would cause a reduction in revenue. The table below shows, in summary, these two revenue outcomes.

Table 5: Net Impact of Homestead Credit Elimination on Taxing Unit Revenues

Projected, Taxes payable in 2014

Taxing Unit	Baseline Rev. Est.	Prop. Tax. Decrease	Additional COIT Distr.	Net Revenue Impact	Pct. Increase
Units with Increased Revenue					
City of Indianapolis/Marion County	307,326,648	(3,200,344)	11,525,828	8,325,484	2.7%
Decatur, Pike, Wayne Twps.	37,459,745	(290,906)	797,227	506,321	1.4%
Lawrence	9,013,293	(159,518)	193,721	34,202	0.4%
Beech Grove	3,648,911	(50,607)	133,968	83,361	2.3%
Southport	261,748	(2,062)	4,229	2,167	0.8%
Speedway	5,444,073	(8,775)	126,448	117,673	2.2%
Total - Units w/ Revenue Increase	363,154,418	(3,712,212)	12,781,421	9,069,209	2.5%
Units with Decreased Revenue					
Remaining Townships	4,291,036	(37,838)	-	(37,838)	-0.9%
Included Municipalities	1,219,819	(18,436)	-	(18,436)	-1.5%
School Corporations	378,957,485	(3,903,580)	-	(3,903,580)	-1.0%
Libraries	39,631,021	(416,667)	-	(416,667)	-1.1%
Indygo	29,476,374	(304,348)	-	(304,348)	-1.0%
Health and Hospital	59,609,516	(627,426)	-	(627,426)	-1.1%
Total - Units w/ Revenue Decrease	513,185,251	(5,308,296)	-	(5,308,296)	-1.0%
Net Impact of Homestead Credit Elimination	876,339,669	(9,020,508)	12,781,421	3,760,913	0.43%

Summary

1. Eliminating the COIT homestead credit would result in revenue increases for nine taxing units, totaling approximately \$9M. It would result in revenue decreases of \$5.3M to other taxing units within the County. The elimination of the homestead credit would result in a net increase in local government revenue available to all taxing units within the County of, in sum, \$3.8M.
2. Approximately 25% of homestead property tax owners would experience no change in property tax liability due to the elimination of the COIT homestead credit. Approximately 18% would experience no change in non-referendum taxes (the only increase, if any, would be in voter approved referendum funds). Approximately 57% of taxpayers would see an increase in non-referendum tax liability.
3. The median tax bill impact (including voter approved referenda) to taxpayers at various property values is as follows:

Homestead Gross AV	Parcel Count	Total HSC Removed	Tax Liability Increase	Revenue Loss to Units	Tax Incr. as pct. of HSC	Median Tax Bill Increase
Less than 50,000	18,652	\$173,700	\$169,996	\$3,704	97.9%	\$9.71
Between 50,000 and 100,000	77,361	1,811,675	1,323,301	488,374	73.0%	17.97
Between 100,000 and 150,000	69,323	3,550,496	1,226,278	2,324,218	34.5%	8.19
Between 150,000 and 200,000	26,912	2,194,053	453,137	1,740,916	20.7%	6.20
Between 200,000 and 250,000	11,229	1,303,614	230,702	1,072,912	17.7%	9.01
Between 250,000 and 300,000	6,512	933,856	65,295	868,561	7.0%	4.76
Between 300,000 and 350,000	3,786	654,358	29,136	625,221	4.5%	5.27
Between 350,000 and 400,000	2,280	461,463	19,892	441,571	4.3%	6.11
Between 400,000 and 450,000	1,488	340,731	14,101	326,630	4.1%	7.13
Between 450,000 and 500,000	966	252,689	10,192	242,497	4.0%	8.10
Between 500,000 and 1,000,000	2,399	859,626	33,061	826,565	3.8%	10.74
Greater than 1,000,000	305	245,162	9,074	236,088	3.7%	25.14
Total	221,213	\$12,781,422	\$3,584,166	\$9,197,257	28.0%	\$12.08

Taxing Unit Impact of Eliminating the COIT Homestead Credit in 2014

Dollars in Thousands

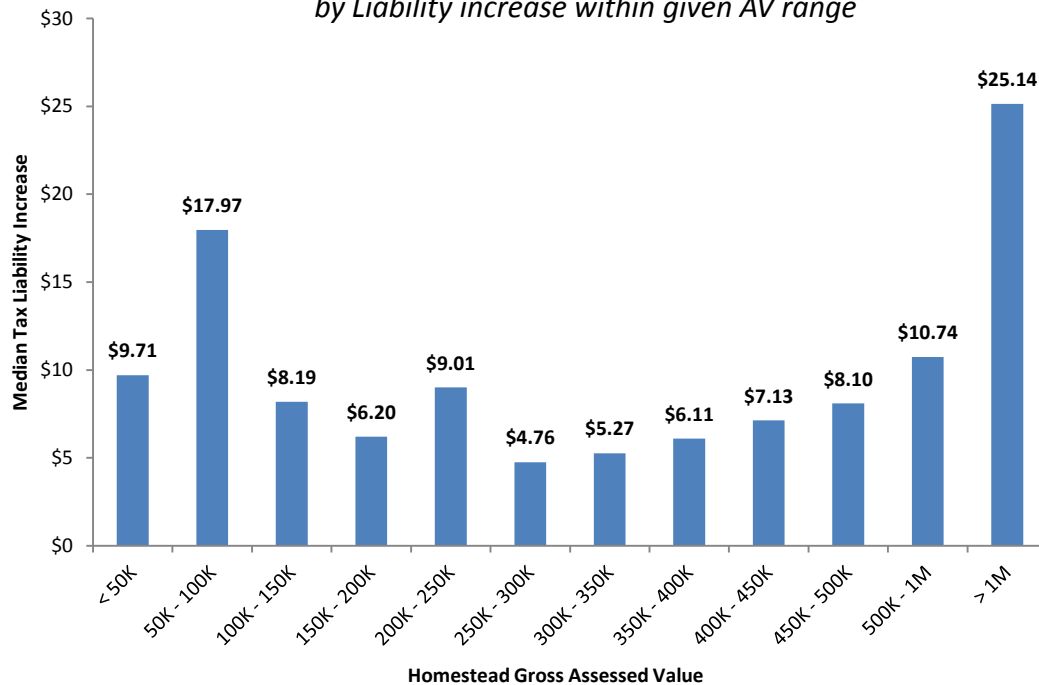
Unit Name	2014 Baseline			2014 COIT HSC Eliminated			Change			COIT	Total
	Levy	CB	Net Levy	Levy	CB	Net Levy	Levy	CB	Net Levy	Increase	Change
Marion County	\$137,057.4	\$18,668.0	\$118,389.4	\$137,057.4	\$19,914.5	\$117,142.9	-	\$1,246.4	(\$1,246.4)	\$2,592.9	\$1,346.5
Indianapolis Sanitation	28,378.5	3,836.9	24,541.6	28,378.5	4,091.3	24,287.2	-	254.4	(254.4)		(254.4)
IMPD	36,201.0	6,128.2	30,072.8	36,201.0	6,362.3	29,838.7	-	234.1	(234.1)		(234.1)
IFD	75,982.3	10,046.4	65,935.9	75,982.3	10,795.7	65,186.6	-	749.4	(749.4)		(749.4)
City Special Districts Total	140,561.8	20,011.5	120,550.3	140,561.8	21,249.3	119,312.5	-	1,237.8	(1,237.8)	-	(1,237.8)
Consolidated City	25,123.8	3,396.4	21,727.4	25,123.8	3,621.5	21,502.3	-	225.1	(225.1)		(225.1)
Consolidated County	54,013.0	7,353.4	46,659.6	54,013.0	7,844.3	46,168.6	-	491.0	(491.0)	8,932.9	8,442.0
Consolidated Districts Total	79,136.8	10,749.8	68,387.0	79,136.8	11,465.8	67,670.9	-	716.1	(716.1)	8,932.9	8,216.9
Center TWP.	3,110.5	450.7	2,659.8	3,110.5	459.7	2,650.8	-	9.0	(9.0)	-	(9.0)
Decatur TWP.	7,156.9	1,937.3	5,219.6	7,156.9	1,991.2	5,165.7	-	54.0	(54.0)	93.6	39.6
Franklin TWP.	624.2	242.5	381.8	624.2	254.6	369.7	-	12.1	(12.1)	-	(12.1)
Lawrence TWP.	463.5	55.8	407.7	463.5	62.9	400.6	-	7.1	(7.1)	-	(7.1)
Perry TWP.	310.1	31.4	278.7	310.1	34.1	276.0	-	2.7	(2.7)	-	(2.7)
Pike TWP.	16,782.5	583.7	16,198.8	16,782.5	668.4	16,114.1	-	84.7	(84.7)	270.6	186.0
Warren TWP.	151.5	20.5	131.0	151.5	21.5	129.9	-	1.1	(1.1)	-	(1.1)
Washington TWP.	477.1	45.0	432.1	477.1	50.9	426.3	-	5.8	(5.8)	-	(5.8)
Wayne TWP.	22,285.0	6,243.7	16,041.3	22,285.0	6,395.9	15,889.0	-	152.2	(152.2)	433.0	280.8
Townships Total	51,361.3	9,610.5	41,750.8	51,361.3	9,939.3	41,422.0	-	328.7	(328.7)	797.2	468.5
Lawrence CIV. City	10,279.0	1,265.7	9,013.3	10,279.0	1,425.2	8,853.8	-	159.5	(159.5)	193.7	34.2
Beech Grove CIV. City	6,064.6	2,415.7	3,648.9	6,064.6	2,466.3	3,598.3	-	50.6	(50.6)	134.0	83.4
Southport CIV. City	284.3	22.6	261.7	284.3	24.6	259.7	-	2.1	(2.1)	4.2	2.2
Speedway City CIV. Town	5,654.6	210.5	5,444.1	5,654.6	219.3	5,435.3	-	8.8	(8.8)	126.4	117.7
Clermont CIV. Town	409.8	92.0	317.9	409.8	97.8	312.0	-	5.8	(5.8)		(5.8)
Cumberland CIV. Town	939.4	314.0	625.4	939.4	319.4	619.9	-	5.4	(5.4)		(5.4)
Homecroft CIV. Town	84.1	8.1	76.0	84.1	9.9	74.2	-	1.9	(1.9)		(1.9)
Meridian Hills CIV. Town	178.7	18.9	159.8	178.7	24.0	154.8	-	5.0	(5.0)		(5.0)
Rocky Ripple CIV. Town	25.8	0.4	25.4	25.8	0.5	25.3	-	0.1	(0.1)		(0.1)
Warren Park CIV. Town	4.9	1.0	3.9	4.9	1.1	3.9	-	0.1	(0.1)		(0.1)
Williams Creek CIV. Town	-	-	-	-	-	-	-	-	-		-
Wynnedale CIV. Town	11.9	0.4	11.5	11.9	0.5	11.4	-	0.2	(0.2)		(0.2)
Civil City/Town Total	23,937.1	4,349.2	19,587.8	23,937.1	4,588.6	19,348.4	-	239.4	(239.4)	458.4	219.0
M.S.D. Decatur TWP. SCH.	22,760.3	6,162.0	16,598.3	22,760.3	6,333.6	16,426.7	-	171.6	(171.6)		(171.6)
Franklin TWP. COM. SCH.	44,422.7	17,213.3	27,209.4	44,422.7	18,136.0	26,286.7	-	922.7	(922.7)		(922.7)
M.S.D. Lawrence TWP. SCH.	46,127.9	5,303.7	40,824.2	46,127.9	6,032.5	40,095.4	-	728.8	(728.8)		(728.8)
M.S.D. Perry TWP. SCH.	46,297.3	2,790.1	43,507.2	46,297.3	3,080.9	43,216.4	-	290.8	(290.8)		(290.8)
M.S.D. Pike TWP. SCH.	37,603.5	1,075.2	36,528.3	37,603.5	1,229.0	36,374.5	-	153.8	(153.8)		(153.8)
M.S.D. Warren TWP. SCH.	35,913.6	4,707.0	31,206.7	35,913.6	4,979.7	30,933.9	-	272.7	(272.7)		(272.7)
M.S.D. Washington TWP. SCH.	28,999.7	575.5	28,424.2	28,999.7	806.7	28,193.0	-	231.2	(231.2)		(231.2)
M.S.D. Wayne TWP. SCH.	39,004.2	11,028.3	27,975.9	39,004.2	11,299.0	27,705.2	-	270.7	(270.7)		(270.7)
Beech Grove City SCH.	8,196.0	2,753.1	5,442.9	8,196.0	2,808.8	5,387.2	-	55.7	(55.7)		(55.7)
Indianapolis PUB. SCH.	136,033.8	19,721.0	116,312.8	136,033.8	20,523.6	115,510.2	-	802.6	(802.6)		(802.6)
Speedway City SCH.	4,998.8	71.2	4,927.6	4,998.8	74.2	4,924.7	-	3.0	(3.0)		(3.0)
Schools Total	450,357.9	71,400.4	378,957.5	450,357.9	75,303.9	375,053.9	-	3,903.6	(3,903.6)	-	(3,903.6)
Beech Grove PUB. LBRY.	1,230.6	490.4	740.2	1,230.6	500.3	730.3	-	9.9	(9.9)		(9.9)
Speedway City PUB. LBRY.	850.4	31.7	818.7	850.4	33.0	817.4	-	1.3	(1.3)		(1.3)
IMCPL	44,003.3	5,931.2	38,072.1	44,003.3	6,336.6	37,666.7	-	405.4	(405.4)		(405.4)
Library Total	46,084.3	6,453.2	39,631.0	46,084.3	6,869.9	39,214.4	-	416.7	(416.7)	-	(416.7)
IndyGo	33,916.2	4,694.4	29,221.8	33,916.2	4,998.4	28,917.9	-	303.9	(303.9)		(303.9)
Marion County H&H	69,006.5	9,397.0	59,609.5	69,006.5	10,024.4	58,982.1	-	627.4	(627.4)		(627.4)
Speedway PUB. Trans	264.4	9.9	254.6	264.4	10.3	254.2	-	0.4	(0.4)		(0.4)
Other Total	103,187.2	14,101.3	89,085.9	103,187.2	15,033.1	88,154.1	-	931.8	(931.8)	-	(931.8)
County Wide Total	\$1,031,683.7	\$155,344.0	\$876,339.7	\$1,031,683.7	\$164,364.5	\$867,319.2	-	\$9,020.5	(\$9,020.5)	\$12,781.4	\$3,760.9
City/County Total	356,756.0	49,429.3	307,326.6	356,756.0	52,629.7	304,126.3	-	3,200.3	(3,200.3)	11,525.8	8,325.5
Impact to TIF Districts	97,432.0	11,424.8	86,007.2	97,432.0	11,601.5	85,830.5	-	176.7	(176.7)		(176.7)
Increased Taxes Paid by									3,584.2		3,584.2
Referendum Taxes									561.7		561.7
Non Referendum Taxes									3,022.4		3,022.4

Impact of Eliminating the COIT HSC on Property Tax Bills

Grouped by Homestead Assessed Value

Homestead Gross AV	Parcel Count	Total HSC Removed	Tax Liability Increase	Revenue Loss to Units	Tax Incr. as pct. of HSC	Median Tax Bill Increase
Less than 50,000	18,652	\$173,700	\$169,996	\$3,704	97.9%	\$9.71
Between 50,000 and 100,000	77,361	1,811,675	1,323,301	488,374	73.0%	17.97
Between 100,000 and 150,000	69,323	3,550,496	1,226,278	2,324,218	34.5%	8.19
Between 150,000 and 200,000	26,912	2,194,053	453,137	1,740,916	20.7%	6.20
Between 200,000 and 250,000	11,229	1,303,614	230,702	1,072,912	17.7%	9.01
Between 250,000 and 300,000	6,512	933,856	65,295	868,561	7.0%	4.76
Between 300,000 and 350,000	3,786	654,358	29,136	625,221	4.5%	5.27
Between 350,000 and 400,000	2,280	461,463	19,892	441,571	4.3%	6.11
Between 400,000 and 450,000	1,488	340,731	14,101	326,630	4.1%	7.13
Between 450,000 and 500,000	966	252,689	10,192	242,497	4.0%	8.10
Between 500,000 and 1,000,000	2,399	859,626	33,061	826,565	3.8%	10.74
Greater than 1,000,000	305	245,162	9,074	236,088	3.7%	25.14
Total	221,213	\$12,781,422	\$3,584,166	\$9,197,257	28.0%	\$12.08

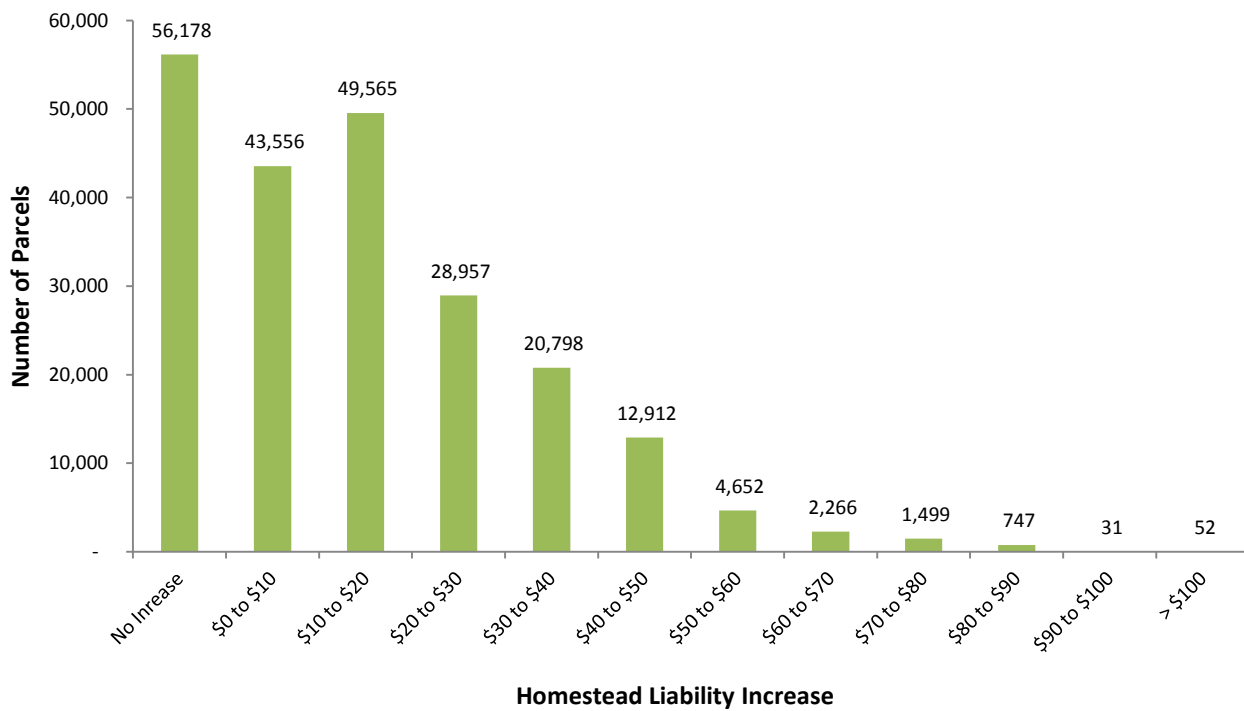
Median Homestead Tax Liability Increases
by Liability increase within given AV range



Property Tax Impact of Eliminating COIT Homestead Credit

Tax Increase	Parcel Count	Percent of Parcels	Cumulative Percent
No Tax increase	56,178	25%	25%
between \$0 and \$10	43,556	20%	45%
between \$10 and \$20	49,565	22%	67%
between \$20 and \$30	28,957	13%	81%
between \$30 and \$40	20,798	9%	90%
between \$40 and \$50	12,912	6%	96%
between \$50 and \$60	4,652	2%	98%
between \$60 and \$70	2,266	1%	99%
between \$70 and \$80	1,499	1%	100%
between \$80 and \$90	747	0%	100%
between \$90 and \$100	31	0%	100%
Greater than \$100	52	0%	100%
Total	221,213		

Distribution of Property Tax Increase Due to HSC Elimination



Impact of Eliminating the COIT HSC on Property Tax Bills

Property Tax Impact by Township

Count of parcels with a property tax increase within the given range

Township	No Change	Between \$0 and \$10	Between \$10 and \$20	Between \$20 and \$30	Between \$30 and \$40	Between \$40 and \$50	Between \$50 and \$60	Between \$60 and \$70	Between \$70 and \$80	Between \$80 and \$90	Between \$90 and \$100	Greater than \$100	Total Parcel Count
Center	-	10,239	12,819	2,885	1,011	49	21	11	2	-	5	8	27,050
Decatur	5,616	863	709	1,123	94	15	-	-	-	-	-	-	8,420
Franklin	15,533	245	292	629	190	37	6	-	-	-	-	-	16,932
Lawrence	16,601	2,902	3,655	3,060	3,155	1,549	170	84	33	7	1	-	31,217
Perry	-	6,284	7,507	4,451	4,919	4,127	309	62	13	4	-	-	27,676
Pike	-	3,611	4,282	4,431	3,714	2,559	1,206	17	3	8	5	1	19,837
Warren	8,069	4,194	6,064	4,845	2,568	204	43	14	-	-	-	-	26,001
Washington	-	11,378	5,857	3,162	3,917	3,657	2,718	2,074	1,446	728	20	43	35,000
Wayne	10,359	3,840	8,380	4,371	1,230	715	179	4	2	-	-	-	29,080
Total	56,178	43,556	49,565	28,957	20,798	12,912	4,652	2,266	1,499	747	31	52	221,213

Median Gross AV of parcels with a property tax increase within the given range (in thousands)

Township	No Change	Between \$0 and \$10	Between \$10 and \$20	Between \$20 and \$30	Between \$30 and \$40	Between \$40 and \$50	Between \$50 and \$60	Between \$60 and \$70	Between \$70 and \$80	Between \$80 and \$90	Between \$90 and \$100	Greater than \$100
Center		\$53.3	\$53.1	\$78.2	\$91.9	\$128.6	\$159.5	\$1,069.7	\$1,310.1		\$1,630.3	\$1,364.3
Decatur	\$103.2	\$61.9	\$63.5	\$77.4	\$104.7	\$134.4						
Franklin	\$126.9	\$93.3	\$80.2	\$76.6	\$105.9	\$134.3	\$140.0					
Lawrence	\$184.3	\$72.5	\$68.7	\$88.6	\$108.5	\$125.3	\$172.8	\$191.6	\$211.5	\$230.2	\$284.6	
Perry		\$121.3	\$148.6	\$87.1	\$98.8	\$111.0	\$119.7	\$163.7	\$186.6	\$201.7		
Pike		\$193.3	\$78.0	\$93.6	\$110.0	\$127.7	\$144.7	\$196.3	\$223.7	\$237.4	\$256.5	\$266.3
Warren	\$123.5	\$105.6	\$65.1	\$82.9	\$94.9	\$129.6	\$159.6	\$174.7				
Washington		\$189.4	\$244.6	\$106.0	\$123.1	\$143.5	\$163.8	\$184.4	\$206.9	\$229.5	\$285.4	\$340.6
Wayne	\$107.1	\$39.3	\$56.1	\$77.6	\$99.4	\$111.8	\$124.9	\$169.6	\$174.5			

Representative Taxpayer Analysis - Representative \$100K Parcel

Impact of Eliminating COIT Homestead Credit

Dist	District Name	Parcel Count	Actual Property Tax Liability							2014 Forecast	Pct. Ch. 07-14	2014 HSC Elim.	Pct. Ch. 07-14	Liab. Incr.
			2007	2008	2009	2010	2011	2012	2013					
101	Indpls City - Center Twp	26,055	1,281	751	787	881	982	983	1,053	1,061	-17%	1,079	-16%	17
102	Beech Grove City - Center Twp	995	1,490	952	1,160	1,105	1,110	1,110	1,110	1,113	-25%	1,117	-25%	4
200	Decatur Township - Sanitation	8,420	1,508	1,390	970	988	1,000	1,000	1,000	1,000	-34%	1,000	-34%	-
300	Franklin Twp-Sanitation	16,729	1,341	1,016	999	1,000	1,000	910	1,000	1,000	-25%	1,000	-25%	-
302	Beech Grove City-Franklin Twp	113	1,485	951	1,152	1,105	1,110	1,110	1,110	1,113	-25%	1,117	-25%	4
382	Franklin Twp-Cons County	90	1,341	1,016	999	1,000	1,000	910	1,000	1,000	-25%	1,000	-25%	-
400	Lawrence Twp-Sanitation	14,431	999	650	645	677	775	739	775	783	-22%	812	-19%	29
401	Indpls-Lawrence Twp	4,130	1,268	746	774	866	966	965	1,037	1,045	-18%	1,079	-15%	34
407	Lawrence City	12,465	1,044	670	709	710	799	793	840	849	-19%	880	-16%	32
474	Indpls-Lawrence Twp-Police & F	191	1,110	685	716	737	834	841	886	895	-19%	929	-16%	34
500	Perry Twp-Sanitation	21,867	1,082	749	718	649	822	900	959	971	-10%	1,008	-7%	36
501	Indpls-Perry Twp	1,070	1,267	744	774	867	966	965	1,037	1,045	-18%	1,079	-15%	34
502	Beech Grove - Perry Twp	2,380	1,476	945	1,146	1,105	1,110	1,110	1,110	1,113	-25%	1,117	-24%	4
513	Southport-Perry Twp	565	1,015	686	701	643	866	986	1,009	1,025	1%	1,063	5%	38
520	Beech Grove - Perry Sch	140	1,257	832	963	874	1,000	1,114	1,139	1,142	-9%	1,147	-9%	5
523	Homecroft - Perry Twp	300	1,064	719	719	676	836	919	990	1,006	-5%	1,044	-2%	38
570	Indpls-Perry Twp-Police-Sanita	75	1,190	805	806	740	927	1,014	1,070	1,084	-9%	1,125	-6%	41
574	Indpls-Perry Twp-Police & Fire	1,279	1,175	778	795	734	927	1,014	1,070	1,084	-8%	1,125	-4%	41
600	Pike Twp-Outside Sanitation	18,835	1,068	688	666	653	673	710	758	766	-28%	795	-26%	29
601	Indpls-Pike Twp	781	1,264	743	771	864	964	962	1,034	1,042	-18%	1,079	-15%	37
604	Clermont - Pike Twp	131	1,287	737	811	827	881	930	892	907	-30%	941	-27%	34
674	Indpls-Pike Twp-Police & Fire-	67	1,166	726	719	710	780	826	840	850	-27%	881	-24%	32
682	Pike Twp-Cons County	23	1,068	688	666	653	673	710	758	766	-28%	795	-26%	29
700	Warren Twp-San	16,135	1,333	798	743	703	843	887	973	977	-27%	1,000	-25%	23
701	Indpls-Warren Twp	8,835	1,268	745	773	866	966	964	1,036	1,043	-18%	1,079	-15%	35
716	Warren Park-Warren Twp	277	1,348	817	749	708	848	890	977	981	-27%	1,000	-26%	19
724	Cumberland Town-Warren Twp	448	1,476	906	981	994	1,000	1,000	1,000	1,000	-32%	1,000	-32%	-
770	Indpls-Warren Twp-Police-Sanit	64	1,442	854	831	794	949	1,000	1,000	1,000	-31%	1,000	-31%	-
774	Indpls-Warren Twp-Police & Fir	242	1,389	857	831	794	949	1,000	1,000	1,000	-28%	1,000	-28%	-
800	Washington Twp-San	20,899	817	494	519	517	594	610	634	641	-22%	665	-19%	24
801	Indpls-Washington Twp	12,776	1,268	745	774	867	966	965	1,036	1,044	-18%	1,079	-15%	35
805	Crows Nest-Washington Twp	37	817	494	519	517	594	610	634	641	-22%	665	-19%	24
806	Highwoods - Washington Twp	5	817	494	519	517	593	610	634	641	-22%	665	-19%	24
809	North Crows Nest - Washington	17	817	494	519	517	594	610	634	641	-22%	665	-19%	24
811	Rocky Ripple - Washington Twp	253	883	530	559	556	635	654	674	681	-23%	706	-20%	26
815	Spring Hill - Washington Twp	54	817	494	519	517	594	610	634	641	-22%	665	-19%	24
817	Williams Creek - Washington Tw	151	836	503	540	539	618	629	634	641	-23%	665	-20%	24
820	Meridian Hills - Washington Tw	643	838	505	541	540	620	638	661	668	-20%	693	-17%	25
822	Wynnedale - Washington Twp	92	843	511	544	546	619	644	668	674	-20%	700	-17%	25
874	Indpls-Washington Twp-Police &	73	959	568	607	608	699	724	745	754	-21%	782	-18%	28
900	Wayne Twp - San	12,713	1,430	944	921	955	1,000	1,000	1,000	1,000	-30%	1,000	-30%	-
901	Indpls - Wayne Twp	7,957	1,271	747	778	871	972	971	1,044	1,052	-17%	1,079	-15%	26
904	Clermont - Wayne Twp	385	1,501	958	984	1,000	1,000	1,000	1,000	1,000	-33%	1,000	-33%	-
914	Speedway - Wayne Twp	2,886	942	601	575	620	802	849	924	943	0%	978	4%	35
930	Wayne Twp - Ben Davis Conserva	2,755	1,430	944	921	955	1,000	1,000	1,000	1,000	-30%	1,000	-30%	-
970	Indpls - Wayne Twp - Police -	108	1,538	1,000	1,009	1,000	1,000	1,000	1,000	1,000	-35%	1,000	-35%	-
982	Wayne Twp-Cons County	2,276	1,430	944	921	955	1,000	1,000	1,000	1,000	-30%	1,000	-30%	-

Representative Taxpayer Analysis - Representative \$200K Parcel

Impact of Eliminating COIT Homestead Credit

Dist	District Name	Parcel Count	Actual Property Tax Liability							2014 Forecast	Pct. Ch. 07-14	2014 HSC Elim.	Pct. Ch. 07-14	Liab. Incr.
101	Indpls City - Center Twp	26,055	3,744	2,194	2,349	2,116	2,073	2,103	2,228	2,226	-41%	2,234	-40%	8
102	Beech Grove City - Center Twp	995	4,356	2,782	3,000	2,313	2,327	2,327	2,329	2,336	-46%	2,348	-46%	13
200	Decatur Township - Sanitation	8,420	4,407	4,063	2,894	2,000	2,000	2,000	2,000	2,000	-55%	2,000	-55%	-
300	Franklin Twp-Sanitation	16,729	3,919	2,969	2,983	2,000	2,000	2,000	2,000	2,000	-49%	2,000	-49%	-
302	Beech Grove City-Franklin Twp	113	4,341	2,779	3,000	2,313	2,327	2,327	2,329	2,336	-46%	2,348	-46%	13
382	Franklin Twp-Cons County	90	3,919	2,969	2,983	2,000	2,000	2,000	2,000	2,000	-49%	2,000	-49%	-
400	Lawrence Twp-Sanitation	14,431	2,919	1,900	1,924	2,000	2,000	2,000	2,000	2,000	-31%	2,000	-31%	-
401	Indpls-Lawrence Twp	4,130	3,706	2,180	2,309	2,116	2,073	2,103	2,228	2,226	-40%	2,234	-40%	8
407	Lawrence City	12,465	3,051	1,958	2,115	2,000	2,000	2,000	2,000	2,000	-34%	2,000	-34%	-
474	Indpls-Lawrence Twp-Police & F	191	3,246	2,001	2,136	2,000	2,000	2,000	2,000	2,000	-38%	2,000	-38%	-
500	Perry Twp-Sanitation	21,867	3,163	2,188	2,144	1,936	2,000	2,340	2,415	2,423	-23%	2,439	-23%	16
501	Indpls-Perry Twp	1,070	3,703	2,175	2,309	2,116	2,073	2,103	2,228	2,226	-40%	2,234	-40%	8
502	Beech Grove - Perry Twp	2,380	4,315	2,762	3,000	2,313	2,327	2,327	2,329	2,336	-46%	2,348	-46%	13
513	Southport-Perry Twp	565	2,968	2,006	2,093	1,920	2,000	2,340	2,415	2,423	-18%	2,439	-18%	16
520	Beech Grove - Perry Sch	140	3,675	2,432	2,874	2,000	2,000	2,340	2,415	2,423	-34%	2,439	-34%	16
523	Homecroft - Perry Twp	300	3,111	2,100	2,147	2,000	2,000	2,340	2,415	2,423	-22%	2,439	-22%	16
570	Indpls-Perry Twp-Police-Sanita	75	3,480	2,352	2,407	2,000	2,000	2,340	2,415	2,423	-30%	2,439	-30%	16
574	Indpls-Perry Twp-Police & Fire	1,279	3,434	2,274	2,372	2,000	2,000	2,340	2,415	2,423	-29%	2,439	-29%	16
600	Pike Twp-Outside Sanitation	18,835	3,123	2,011	1,987	1,949	2,008	2,119	2,141	2,141	-31%	2,147	-31%	5
601	Indpls-Pike Twp	781	3,696	2,171	2,301	2,116	2,073	2,103	2,228	2,226	-40%	2,234	-40%	8
604	Clermont - Pike Twp	131	3,762	2,156	2,422	2,000	2,106	2,168	2,141	2,141	-43%	2,147	-43%	5
674	Indpls-Pike Twp-Police & Fire-	67	3,407	2,121	2,145	2,000	2,106	2,168	2,141	2,141	-37%	2,147	-37%	5
682	Pike Twp-Cons County	23	3,123	2,011	1,987	1,949	2,008	2,119	2,141	2,141	-31%	2,147	-31%	5
700	Warren Twp-San	16,135	3,897	2,333	2,217	2,000	2,000	2,000	2,000	2,000	-49%	2,000	-49%	-
701	Indpls-Warren Twp	8,835	3,705	2,178	2,308	2,116	2,073	2,103	2,228	2,226	-40%	2,234	-40%	8
716	Warren Park-Warren Twp	277	3,940	2,388	2,237	2,000	2,000	2,000	2,000	2,000	-49%	2,000	-49%	-
724	Cumberland Town-Warren Twp	448	4,313	2,649	2,929	2,000	2,000	2,000	2,000	2,000	-54%	2,000	-54%	-
770	Indpls-Warren Twp-Police-Sanit	64	4,214	2,497	2,480	2,000	2,000	2,000	2,000	2,000	-53%	2,000	-53%	-
774	Indpls-Warren Twp-Police & Fir	242	4,062	2,506	2,480	2,000	2,000	2,000	2,000	2,000	-51%	2,000	-51%	-
800	Washington Twp-San	20,899	2,389	1,443	1,548	1,542	1,771	1,820	1,893	1,913	-20%	1,985	-17%	72
801	Indpls-Washington Twp	12,776	3,705	2,178	2,309	2,116	2,073	2,103	2,228	2,226	-40%	2,234	-40%	8
805	Crows Nest-Washington Twp	37	2,389	1,443	1,548	1,542	1,771	1,820	1,893	1,913	-20%	1,985	-17%	72
806	Highwoods - Washington Twp	5	2,388	1,443	1,548	1,542	1,771	1,820	1,893	1,913	-20%	1,985	-17%	72
809	North Crows Nest - Washington	17	2,389	1,443	1,548	1,542	1,772	1,820	1,893	1,913	-20%	1,985	-17%	72
811	Rocky Ripple - Washington Twp	253	2,582	1,548	1,669	1,659	1,896	1,952	2,012	2,032	-21%	2,079	-19%	47
815	Spring Hill - Washington Twp	54	2,389	1,443	1,548	1,542	1,771	1,820	1,893	1,913	-20%	1,985	-17%	72
817	Williams Creek - Washington Tw	151	2,443	1,470	1,611	1,610	1,846	1,878	1,893	1,913	-22%	1,985	-19%	72
820	Meridian Hills - Washington Tw	643	2,451	1,476	1,614	1,612	1,851	1,905	1,974	1,994	-19%	2,069	-16%	75
822	Wynnedale - Washington Twp	92	2,464	1,494	1,623	1,630	1,848	1,922	1,993	2,013	-18%	2,079	-16%	66
874	Indpls-Washington Twp-Police &	73	2,804	1,661	1,811	1,814	2,074	2,075	2,075	2,076	-26%	2,079	-26%	3
900	Wayne Twp - San	12,713	4,180	2,759	2,750	2,000	2,000	2,000	2,000	2,000	-52%	2,000	-52%	-
901	Indpls - Wayne Twp	7,957	3,717	2,185	2,321	2,116	2,073	2,103	2,228	2,226	-40%	2,234	-40%	8
904	Clermont - Wayne Twp	385	4,387	2,800	2,936	2,000	2,000	2,000	2,000	2,000	-54%	2,000	-54%	-
914	Speedway - Wayne Twp	2,886	2,754	1,756	1,717	1,851	2,361	2,363	2,456	2,469	-10%	2,487	-10%	18
930	Wayne Twp - Ben Davis Conserva	2,755	4,180	2,759	2,750	2,000	2,000	2,000	2,000	2,000	-52%	2,000	-52%	-
970	Indpls - Wayne Twp - Police -	108	4,497	2,923	3,000	2,000	2,000	2,000	2,000	2,000	-56%	2,000	-56%	-
982	Wayne Twp-Cons County	2,276	4,180	2,759	2,750	2,000	2,000	2,000	2,000	2,000	-52%	2,000	-52%	-

Marion County (per IC 6-3.5-6-18.5)

Year: 2013

Max Levy Data Used: 2013

Estimate (Apr)

Public Safety Communications amount:	9,650,000
Indpls/Marion Co Public Library amount:	169,016

Estimate (Apr)

Step 7													
Unadjusted													
Allocation on													
2013													
Qualify													
Step 8													
for Share of													
COIT Growth													
Step 9													
% Share of													
COIT Growth													
Step 9													
\$ Amount of													
COIT Growth													
Calculated													
Allocation													
Fire													
Interlocal													
Agreements													
2013													
Adjusted													
Allocation													
% Share													
1995													
Negotiated													
% Shares													
Step 1													
Min COIT \$													
per Unit													
Step 4													
COIT \$													
per Unit if													
Step 3 ≤ 0													
Step 5													
2013													
Max Levy													
Step 5													
% Share													
0													
Max Levy													
Step 6													
Step 1 Amounts													
Extended													
if Step 3 > 0													
705,499.79													
no													
yes													
0.69%													
485,845.93													
1,903,763.09													
1,903,763.09													
1.30%													
0.217%													
164,588													
n/a													
4,291,319													
0.68%													
164,588.28													
997,281.31													
yes													
0.10%													
174,448.41													
141,581.57													
no													
0.06%													
892,720.78													
81,477.94													
no													
0.06%													
857,072.63													
88,232.04													
no													
2.02%													
1,430,991.35													
2,845,540.42													
2,845,540.42													
1.94%													
1.359%													
1,030,763													
n/a													
303,264													
0.05%													
1,030,762.56													
70,477.05													
no													
0.12%													
1,020,902.44													
178,328.11													
no													
3.36%													
2,380,016.80													
3,371,338.85													
3,371,338.85													
2.30%													
1.141%													
8,450,129													
n/a													
43,398,598													
6.88%													
8,450,129.31													
10,085,619.53													
6.06%													
4,296,854.08													
12,746,983.39													
12,095,337.20													
8.25%													
Civil Units:													
0.858%													
650,768													
n/a													
9,348,674													
1.48%													
650,768.42													
2,172,585.60													
yes													
1.49%													
1,058,419.38													
1,709,187.80													
1,709,187.80													
1.17%													
0.845%													
640,908													
n/a													
6,500,866													
1.03%													
640,908.29													
1,510,769.11													
yes													
1.04%													
736,001.98													
1,376,910.27													
1,376,910.27													
0.94%													
0.025%													
18,962													
n/a													
212,500													
0.03%													
18,961.78													
49,383.95													
yes													
0.03%													
24,058.40													
43,020.18													
43,020.18													
0.03%													
0.722%													
547,616													
n/a													
6,103,502													
0.97%													
547,616.31													
1,418,423.68													
yes													
0.98%													
691,014.02													
1,238,630.33													
1,238,630.33													
0.84%													
2.450%													
1,858,254													
n/a													
22,165,542													
3.51%													
1,858,254.80													
5,151,162.34													
3.54%													
2,509,493.78													
4,367,748.58													
4,367,748.58													
0.00													
8.25%													
City/County													
86.409%													
65,538,752													
n/a													
565,675,702													
89.61%													
65,538,750.89													
131,460,235.51													
yes													
90.39%													
64,043,534.53													
129,582,285.42													
651,646.19													
130,233,931.61													
88.78%													
TOTAL													
100.000%													
75,847,135													
n/a													
631,239,842													
100.00%													
75,847,135.00													
146,697,017.38													
100.00%													
70,849,882.39													
146,697,017.39													
0.00													
146,697,017.39													
100.00%													

Step 2 - Current Yr Available for Allocation Amount

Step 3 - Change in Available for Allocation Amount since 1995

Step 4 - Step 3 Amount ≤ 0

146,697,017.38

70,849,882.38

false

If needed, rounding adjustment inserted here to force totals to match to the penny.

Current Certified Distribution

LESS: Public Safety Comm

LESS: I/MC Public Library

LESS: Local Homestead Credit

Available for Allocation

2013
169,016,033.41
(9,650,000.00)
(169,016.03)
(12,500,000.00)
146,697,017.38

Estimate (Apr)

Current COIT Rate

1.00%

Max COIT Rate

1.00%

City/County Allocation
Consolidated County Gen (Fund #15001)
County Treasurer's COIT Agency Account

	2013	2013	
	Budgeted	Estimated	Variance
	97,485,683	98,225,270.34	739,587.63
	31,767,652	32,008,661.27	241,009.37
Total	129,253,335	130,233,931.61	980,597.00

Public Safety Comm Allocation
MECA General - City (Fund #15651)
MECA General - County (Fund #20152)

	2013	2013	
	Budgeted	Estimated	Variance
	7,623,135	7,623,135.00	0.00
	2,026,865	2,026,865.00	0.00
Total	9,650,000	9,650,000.00	0.00

Municipal Corporation Allocation
Indpls/Marion Co Public Library

2013 Budgeted	2013 Estimated	Variance
169,016	169,016.03	0.03

Levy Freeze Local Income Tax (LOIT) Allocation

Marion County (per IC 6-3.5-6-30)

Year: 2013

Estimate (Apr)

Estimate (Apr)

Years of Levy Freeze Election since Pay 2008:
2008; 2009; 2010

Prior YE Balance - Levy Freeze LOIT Stabilization Account
Current Year Certified Distribution

	2013	
	0.00	
	45,642,244.87	← includes difference of Final Hmstd Credit amount vs. Final Revised amount
S/T Available Funds	45,642,244.87	
LESS: Add'l Homestead Credit per IC 6-3.5-1.5-1(d)	(1,288,664.28)	Estimate (Apr)
Total Available for Allocation	44,353,580.59	

Current Levy Freeze LOIT Rate 0.27%
DLGF Approved Allowable Levy Freeze LOIT Rate 0.3518%
Max Levy Freeze LOIT Rate 1.00%

	Cumulative Effect of Levy Freeze (a)	2013 Allocation	% Share
UNIGOV Levies			
Marion County Unit	13,945,384	10,565,047.09	23.82%
City of Indianapolis Unit:			
Consolidated County District (inc Parks)	4,736,865	3,588,657.13	8.09%
Consolidated City District	55,286	41,884.77	0.09%
Solid Waste District	3,104,817	2,352,214.74	5.30%
Police District	4,823,736	3,654,470.75	8.24%
Fire District	7,820,542	5,924,856.17	13.36%
Municipal Corporations:			
Indpls/Marion County Public Library	3,765,434	2,852,699.33	6.43%
Indpls Public Transportation Corp (IndyGo)	2,296,402	1,739,758.14	3.92%
Health & Hospital Corporation	10,587,162	8,020,852.28	18.08%
Included Cities & Towns:			
Clermont	45,858	34,742.10	0.08%
Cumberland (Marion Co)	94,453	71,557.76	0.16%
Homecroft	9,788	7,415.41	0.02%
Meridian Hills	19,915	15,087.64	0.03%
Rocky Ripple	3,073	2,328.11	0.01%
Warren Park	612	463.65	0.00%
Williams Creek	9,068	6,869.93	0.02%
Wynnedale	1,359	1,029.58	0.00%
Total UNIGOV	51,319,754	38,879,934.58	87.66%
Townships Levies			
Center	338,796	256,672.44	0.58%
Decatur	469,650	355,807.65	0.80%
Franklin	65,104	49,322.90	0.11%
Lawrence	38,560	29,213.12	0.07%
Perry	41,659	31,560.93	0.07%
Pike	1,383,824	1,048,387.46	2.36%
Warren	33,359	25,272.84	0.06%
Washington	84,539	64,046.89	0.14%
Wayne	2,282,561	1,729,272.17	3.90%
Total Townships	4,738,052	3,589,556.41	8.09%
Excluded Cities & Town Levies			
Lawrence Civil City	1,045,445	792,030.94	1.79%
Beech Grove:			
Civil City	654,987	496,219.29	1.12%
Library	89,150	67,540.19	0.15%
Southport Civil City	22,642	17,153.62	0.04%
Speedway:			
Civil Town	559,145	423,609.22	0.96%
Library	87,276	66,120.45	0.15%
Speedway Public Transportation	28,268	21,415.89	0.05%
Total Excluded Cities & Towns	2,486,913	1,884,089.60	4.25%
Total All Eligible Units	58,544,719	44,353,580.59	100.00%

YE Balance - Levy Freeze LOIT Stabilization Account

0.00

Public Safety Income Tax (PST) Allocation

Marion County (per IC 6-3.5-6-31)

Year: 2013

Max Levy Data Used: 2013

Estimate (Apr)

Estimate (Apr)

Current Year Certified Distribution

2013
59,155,611.69

Current PST Rate 0.35%
Max PST Tax Rate 0.50%

	2013 Max Levy (a)	% of Levy	2013 Allocation
Civil Units:			
Lawrence	9,348,674	2.70%	1,597,714.12
Beech Grove	5,689,950	1.64%	972,428.12
Southport	212,500	0.06%	36,316.83
Speedway	5,015,222	1.45%	857,115.24
Clermont	525,777	0.15%	89,856.74
Crow's Nest	0	0.00%	0.00
Cumberland	950,350	0.27%	162,417.43
Homecroft	82,082	0.02%	14,028.04
Meridian Hills	181,189	0.05%	30,965.70
Rocky Ripple	26,701	0.01%	4,563.27
Warren Park	4,946	0.00%	845.29
Williams Creek	81,421	0.02%	13,915.07
Wynnedale	11,603	0.00%	1,982.98
S/T Civil Units	22,130,415	6.39%	3,782,148.84
City/County:			
City of Indianapolis	192,007,340	55.47%	32,814,582.89
Marion County	131,998,342	38.13%	22,558,879.96
S/T City/County	324,005,682	93.61%	55,373,462.85
TOTAL	346,136,097	100.00%	59,155,611.69

	2013 Budgeted	2013 Estimated	Variance
City/County Allocation			
PST Fund - IMPD (Fund #25301)	32,759,726	32,814,582.89	54,856.67
PST Fund - County (Fund #20501)	22,609,599	22,558,879.96	(50,718.93)
Total	55,369,325	55,373,462.85	4,137.74

Notes:

a) For Public Safety Income Tax distribution, max levy excludes library, public transportation, and other municipal corporation levies.

Prepared by: Office of Finance & Management 4/15/2013

MARION COUNTY LOCAL HOMESTEAD CREDIT COMMISSION

APPENDIX 2 - LETTERS FROM THE
COMMUNITY



BOARD OF SCHOOL COMMISSIONERS OF THE CITY OF INDIANAPOLIS

120 EAST WALNUT STREET • INDIANAPOLIS, INDIANA 46204 • 226-4418

Diane Arnold
President

Andrea J. Roof
Vice President

Samantha Adair-White
Secretary

Michael D. Brown, Th.D.

Gayle S. Cosby

Caitlin M. Hannon

Sam Odle

Eugene G. White, Ed.D.
Superintendent

Sharon G. Alvey
*Executive Assistant and
Secretary to the Board*

June 25, 2013

City of Indianapolis
Office of Finance and Management
200 E. Washington Street, Suite 2222
Indianapolis, IN 46204

Dear Commission Members:

The Board of School Commissioners of the City of Indianapolis would like to take this opportunity to comment on the elimination of the COIT Homestead Credit and the estimated financial implications that this will have on Indianapolis Public Schools (IPS).

The Homestead Credit Review Commission has held at least seven public meetings, taking testimony on the impact of removing the COIT Homestead Credit from property in Marion County. It is clear, from reviewing the minutes of these meetings, that there is no support from taxing units that are negatively impacted by this change. We would like to ask that the recommendation from this commission be to NOT implement this suggested change. School corporations, including IPS, have voiced their concerns at each of these meetings, that there will be a negative financial impact to the General Fund. Even though the General Fund is no longer a property tax supported fund, shortfalls in the other taxable funds will be made up from General Fund dollars.

We do not disagree with the Mayor on the importance of Public Safety in Indianapolis, and that it is a high priority need in his budget. Public Safety is on the minds of all Marion County citizens; however, we feel strongly that to remove the COIT Homestead Credit from property tax bills in Marion County to balance the City's budget is unfair to property owners and all other units of government who will lose additional tax dollars. It is no secret that IPS is in the midst of a \$30 million General Fund budget reduction process and we are working to reduce or eliminate expenses without cutting services to our students. This change will only add to the challenge by requiring additional burdensome cuts.

Removal of the COIT Homestead Credit effects homeowners in Marion County that are least able to absorb even a modest increase on their tax bills. This reduction will move additional properties to the circuit breaker limit, which in turn impacts tax distributions to all units of government.

Marion County officials estimate that IPS's circuit breaker impact for 2013 will be \$19,391,699 in tax supported funds; even before, this COIT Homestead elimination, and that number will continue to grow in future years. This circuit breaker loss directly impacts our Transportation, Bus Replacement and Capital Projects Funds. The commission believes that there will be no impact to a school's General Fund, and we understand how this interpretation comes about with the state being responsible for 100% of the funding formula cost; however, when the tax supported funds are shorted revenue the corporation will have to absorb any unmet budget obligations from General Fund dollars.

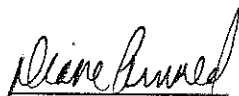
In the COIT Homestead Credit Review Commission's presentation, IPS is estimated to lose \$802,600 in tax revenue. To put a face, so to speak, on this loss, IPS would need to cut an additional 11 teachers from the budget. IPS's total budget (General Fund and all tax supported funds), for 2013 is \$425,345,629. In the big picture, \$802,600 does not sound like much of a loss, but when added to the \$19,391,699 circuit breaker loss, this represents an additional 4.7% loss, and it becomes substantial.

It is unfortunate that this change would create winners (cities and towns) and losers (school corporations, the library, health and hospital). When the citizens of the State voted to make the circuit breaker part of the State's Constitution, no study had been fully vetted to determine the implementation impact to all governmental entities and as tax funds shrink and resources become scares for all units, it is imperative that all units work together for a solution that is more palatable for everyone.

IPS is NOT in support of the elimination of the COIT Homestead Credit in the manner proposed at this time. We ask that you take this into consideration along with the testimony presented at the public meetings when making your recommendation to City County Council.

Sincerely,

THE BOARD OF SCHOOL COMMISSIONERS
OF THE CITY OF INDIANAPOLIS



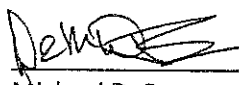
Diane Arnold
President



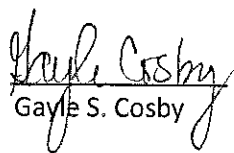
Annie Roof
Vice President



Samantha Adair-White
Secretary



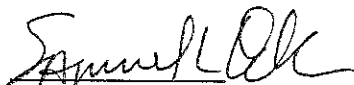
Michael D. Brown



Gayle S. Cosby



Caitlin M. Hannon



Samuel L. Odle



Metropolitan School District of
Decatur Township
5275 Kentucky Avenue
Indianapolis, IN 46221

(317) 856-5265
(317) 856-2156 fax
www.decaturschoolfusion.us

June 21, 2013

Indianapolis - Marion County City - County Council
Local Homestead Credit Review Commission
200 E Washington St
Indianapolis, IN 46204

To Whom It May Concern:

The purpose of my correspondence is to express concern regarding the City of Indianapolis potentially eliminating the COIT homestead credit. Our administration believes doing so will not solve the issue of revenue shortfalls experienced by a majority of governmental entities in Marion County, but instead transfer the burden from one taxing unit to another.

According to information provided by Policy Analytics at various Local Homestead Credit Review Commission meetings, the change will increase property tax rates and result in a reduction of property tax collections as taxpayers are moved further above the circuit breaker caps. This represents an estimated decrease of \$171,600 in property tax revenue for the Metropolitan School District of Decatur Township (School District) during 2014.

The Marion County Auditor estimates the School District will lose \$6,042,500 in property tax revenue during 2013 as a result of the circuit breaker caps. Losing additional funds will have a direct impact on the classroom and student achievement.

If there are any questions regarding this correspondence, please do not hesitate to contact me at (317) 856-5265.

Respectfully,

A handwritten signature in cursive script that reads "Debbie Sullivan".

Debbie Sullivan
Superintendent of Schools